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NEWS SUMMARY

GENERAL

Lobby for better youth job deal

About 2,000 young people lobbied Parliament yesterday protesting art the Youth Opportunities scheme. The lobby was backed by unions and Labour MPs, including Tony Benn.

They were demanding better pay, and said they were being used to price full-timers out of the market.

Employment Secretary Norman Tebbit described them as "an unrepresentative group with unreasonable demands."

Mr Benn responded at a mass meeting. "Is it a wild expectation that people should have the right to work?"

European court rules on caning

The European Court of Human Rights ruled that corporal punishment of children in school against their parents' wishes was a breach of the Human Rights Convention

Hardline offensive

Harliners on the Polish Communist Party's central committee kept up a sustained offensive at its meeting in Warsaw. Page 2

Peace summit call

The Archbishop of Canterbury called for a world peace summit of Christian leaders.

Fares backing

Top permanent officials of the Greater London Council backed the campaign to change the law on transport subsidies for the first time. Page 7

Concorde cost

It would be more expensive to stop public support for Concorde than to continue it, the Department of Industry said. Page 7

Hull City crisis

Hull City, the fourth division football club, called in a receiver. Page 6

Libel award

Rugby hero J. P. R. Williams was awarded £20,000 libel damages over national newspaper stories that called him a "shamateur."

Airport 'fiddle'

Fiddles at a Heathrow airport left luggage office earned staff about £24,000, a court heard.

Hinckley trial

A U.S. Federal Court judge ordered John Hinckley to stand trial on March 9 for the attempted assassination of President Reagan last year.

Rapist gets 'life'

A barman who "spiked" a woman's drink, then raped her, was sentenced to life imprisonment at the Old Bailey.

'Bounty' offer

A businessman has offered a £5,000 reward for information leading to the arrest of a rapist who attacked a 17-year-old in South London.

'Kidney finder'

Yorkshire Regional Health Authority is appointing a "kidney finder" to help overcome a chronic shortage of organs for transplant.

Tyre recycling

The world's first commercial scale plant to produce oil, solid fuel and scrap steel from used tyres will be set up in the West Midlands. Page 6

Smart retort

Nine-stone pensioner Dick Studden, 72, hit out at two thugs who tried to mug him in Plymouth. The former boxer may have loosened some of their teeth.

Briefly . . .

Hungry pigeons closed one of the main Soviet Black Sea civil airports.

Elephant conservation fund in Sri Lanka will be launched by Prince Philip.

BUSINESS

Equities turn dull; gold puts on $2½

● EQUITIES were initially boosted by the successful debut for Amersham, the radioactive chemical group, but later turned dull after the ICI preliminary results. The FT Industrial Ordinary index, which was ahead 6 points in the morning, closed 0.8 lower at 551.8. Page 34

● GILTS resumed their advance after two days of falls and longs rose a point while gains in shorts extended to ½. The Government Securities index closed 0.47 higher at 66.86. Page 34

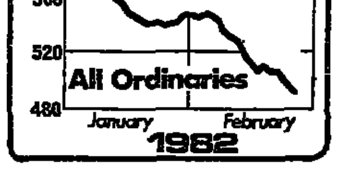
● DOLLAR firmed to DM 2.3685 (DM 2.3660), FFr 6.04 (FFr 6.03), SwFr 1.88 (SwFr 1.8740) and Y235.75 (Y234.25). Its trade-weighted index was 112.9 (112.5). Page 31

● STERLING rose 35 points to $1.8335. Against Continental currencies it rose to DM 4.3450 (DM 4.3325); FFr 11.0725 (FFr 11.0350); SwFr 3.4475 (SwFr 3.43); and Y432.5 (Y428.5). Its trade-weighted index was 91.2 (90.8). Page 31

● WALL STREET was 3.52 higher at 830.29 near the close. Page 32

● GOLD rose $2.5 in London to $366.25. In New York, the Comex March close was $365.7. Page 31

● TOKYO shares prices fell, depressing the Nikkei Dow index 83.57 points to 7,580.45, the year's low, by the close. The fall reflected the prospect of growing trade friction with the U.S. Japan resists U.S. call for concessions, Page 5



In Australia, the All Ordinary index fell 4.3 to 490.0, the lowest since its introduction, on local interest rate fears. Page 32

● OIL EXPORTING countries, headed by Iran, have been selling gold in Europe in the past weeks to alleviate balance of payments problems associated with the falling oil price. Back Page

● DOME PETROLEUM and Hudson's Bay Oil and Gas have announced they will withdraw from the C$13.5bn (£6bn) Alsands oil consortium. Back

● AMERICAN AIRLINES has cancelled plans to buy 15 new Boeing 757 aircraft.

● WORLD SHIPBUILDING orders slipped for the second successive quarter at the end of 1981, according to Lloyd's Register figures. Page 5

● SIR HUGH FRASER, ousted last year as chairman of House of Fraser, has tendered his resignation as a director of Harrods stores group.

● SUMITOMO Chemical, of Japan, has reported an operating loss for 1981 of Y2.8bn (£6.5m) due to import pressure in its petro-chemical division. Page 28

● ROWNTREE MACKINTOSH pre-tax profits rose 28 per cent for 1981 to £40.2m, strengthening its £75m bid for biscuit manufacturer Huntley & Palmer Foods. Page 22: Lex Back Page

● PLESSEY pre-tax profits for the nine months to January 1 rose by some £18.1m to £78.77m. Page 26 and Lex. Back Page

● SKF GROUP, of Sweden, reported 1981 earnings 15.5 per cent lower at SKr 805m (£76m) after heavy losses on steel production. Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			FALLS:		
Treasury 8¼pc 84-86	£83¼	+ 1	GEC	812	− 7
Treasury 13¾pc 1997	£94½	+ 1	Gill and Duffus	165	− 7
Dixor-Strand	19	+ 3	Hallam Sleigh	10	− 3
Hinton (A.)	320	+ 10	Johnson Matthey	263	− 9
Hoover "A"	93	+ 3	Plessey	355	− 12
House of Fraser	170	+ 4	Stocklake	113	− 7
Northern Foods	162	+ 4	Thorn EMI	450	− 18
Rock Darham	16	+ 2	Tunnel "B"	550	− 15
Zetters	81	+ 4	Ultramar	390	− 10
KCA Int.	94	+ 8	Bond Corp.	90	− 18
President Steyn	£14¼	+ 1	Renison	155	− 35

Pressure on BNOC may force $3-$4 cut in oil prices

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil prices are about to be cut—possibly by as much as $3-$4 a barrel—following industry pressure on British National Oil Corporation. It will be the second price reduction for UK crude oil this month.

The move will almost certainly force members of the Organisation of Petroleum Exporting Countries to review their own pricing and production levels. It will also hit UK Government revenues at a time when Sir Geoffrey Howe, the Chancellor, is preparing for a tax-cutting Budget on March 9.

A $4 price cut would reduce Government revenues by about £1bn in a full year. However, after taking into account beneficial effects—such as lower industrial costs, a possible slight improvement in output and exchange rate movements—the net impact could be a need for an extra £500m of public borrowing.

Oil companies which forced BNOC to lower prices by $1.50 a barrel to $35 on February 8 have told the corporation they want prices to be reduced again, this time by about $3.50 to $4 a barrel. A $4 cut would lower the reference rate for Forties oil to $31 a barrel, back to the level in 1980.

If BNOC accepted a new reference price of $31 a barrel, it would put the world oil market into even greater turmoil. Such a move would make the rate for high quality North Sea crude about $3 less than Opec's reference price, based on inferior Saudi Arab Light oil, and up to $6 less than official rates set by African producers of premium-grade crude.

But the state-owned corporation—the leading trader and price-setter of North Sea oil—is under pressure from the Treasury to keep the price reduction to a minimum. With oil companies paying an average of about 85 per cent of net revenues in taxes, each $1-a-barrel price cut reduces North Sea revenues by about £250m in a full year.

The Prime Minister warned on Wednesday that falling oil prices were "diminishing the Chancellor's limited room for manoeuvre" in the formulation of a mildly reflationary Budget.

Shell UK and British Petroleum, two leading producers and refiners of North Sea crude, have led the call for further price cuts. Shell said it had formally requested BNOC to reduce rates for the remainder of the January-March quarter. A decision is expected in the next few days.

The oil industry pointed out yesterday that it could no longer resist the forces of the spot market. North Sea crudes have been traded at prices between $28.50 and $30 a barrel in recent days. Just as significantly, prices have also been tumbling in the products market.

Leading refiners pointed out yesterday that it was cheaper for them to buy spot cargoes of products such as petrol than to process North Sea oil themselves. With companies engaged in a fierce battle for product sales some motorists are now able to buy petrol—at about £1.40 a gallon—more cheaply than traders can buy the pro-

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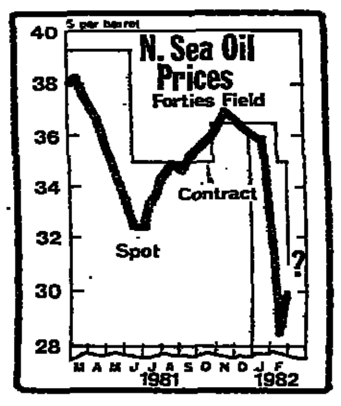

British Gas profit, Page 8
Oil exports ahead of imports, Page 8
Oil prices under pressure, Page 20
Alberta oil project near collapse, Back Page
Selling by OPEC hits gold price, Back Page

Amersham marked up 48p in first-day flurry

BY CARLA RAPOPORT AND PETER RIDDELL

SENIOR MINISTERS were embarassed and concerned yesterday about the large premium on first stock exchange dealings in Amersham International, the radioactive materials producer which is the latest government-owned company to be sold off to private investors.

The Stock Exchange became a pin-striped gymnasium yesterday as the shares in initial trading soared to 190p, compared with the government's selling price in the prospectus of 142p.

At 9.20 am brokers swamped the three "pitches" where jobbers on the Stock Exchange floor were preparing to offer prices for Amersham shares.

Trading opened ten sweaty minutes later, by which time jobbers were standing on their chairs to be seen and heard over the throngs of brokers.

The crowds of brokers thinned out fairly swiftly and shares settled to 188p at the day's end, with 50 shares outstanding, this price capitalises Amersham at £94m, or £23m more than the Government raised in its Amersham offer for sale.

One jobber said yesterday: "Joe Public has had a pretty good go at this thing. Lots of little people got shares and have now made off with a pretty good 45p profit on each one."

Dealers estimated that between 25m and 30m shares changed hands yesterday, more than half off the amount in issue. Small investors looking for a swift profit — the stags — fueled the rush as large financial institutions eagerly mopped up the share on offer.

Many small investors were standing by their letter boxes yesterday, waiting to receive Amersham shares or returned funds.

Some 264,000 applications were made for the Amersham the issue more than 23 times. A total of 220,000 applications were for 1,500 shares or less.

In the Commons a row broke out during Prime Minister's questions between Mrs Thatcher and Mr Michael Foot, leader of the Labour Party, over the decision to sell Amersham at a fixed price.

There was sharp disagreement recently in the Treasury over the sale between Sir Geoffrey Howe, Chancellor, and Mr Nicholas Ridley, the Financial Secretary. Mr Ridley favoured sale by tender at a price determined by the market, but he was overruled. This judgment was being questioned yesterday by other ministers.

In the Commons Mr Foot said some of the Government's professional advisers who had been shown to have given the wrong advice had made "at least £1m out of it." It was later made clear that Mr Foot was referring to the merchant banking fees on the issue, paid by Rothschild and Morgan Grenfell.

Mr Foot said it was a scandal that state assets should be sold at knock-down prices.

Mr Michael Richardson, a director of Rothschild, said later that Rothschild and Morgan Grenfell earned a £310,000 fee between them. Mr Foot's £1m figure was "muddled thinking," he said.

Row prompts review of tenders, Page 8
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IBM unveils low-cost robot system

BY PAUL BETTS IN NEW YORK

IBM, THE world's dominant computer company, is to introduce a low-cost robotic system to perform a broad range of industrial tasks, from assembly to loading, unloading and packaging in factories.

The new system, called IBM 7535, will cost $28,500 (about £15,400). IBM said deliveries of the robots, made by Sankyo Seiki manufacturing company of Tokyo to IBM specifications, will begin in the last three months of this year. It will be the first robot to be sold by IBM on the open market.

IBM said yesterday that it was expanding a test marketing programme of a larger advanced robotics system called the IBM RS 1. This was unveiled in December, when 15 systems were installed in various manufacturing places as a test.

Announcement of the new low-cost IBM robotic system and the expanded test programme for the more sophisticated RS 1 system are the fruit of 10 years' research in robotics, an IBM official said.

It was known four years ago that IBM had a system that could assemble electronic typewriters.

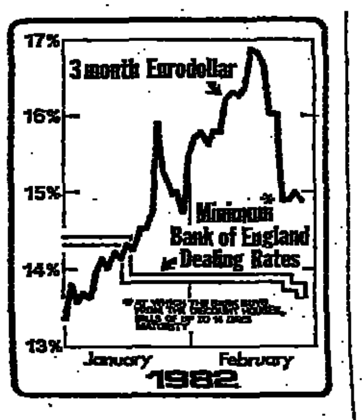
The low-cost system will be linked to IBM's new personal computer. The company announced its long-awaited entry into the rapidly expanding low-cost personal computer market in August.

IBM said that the personal

Continued on Back Page

£ in New York

—	Feb. 24	previous
Spot	$1.8350-8365	$1.8305-8320
1 month	0.01-0.06 pm	0.05-0.10 pm
3 months	0.38-0.43 pm	0.44-0.49 pm
12 months	1.80-1.90 pm	1.80-1.95 pm



Interest rates ease again

By William Hall, Banking Correspondent

INTEREST RATES eased further yesterday, adding to pressure on the building societies to cut mortgage rates soon.

The Bank of England cut the minimum rate it buys bills from the discount market, in the course of its money market operations, by 3.116 of a percentage point and the Government's National Savings Bank, one of the main competitors of the building societies, cut its investment account rate by half a point to 13½ per cent.

UK money market rates generally, and Eurodollar interest rates, were only marginally easier on the day. In the UK, the seven-day inter-bank rate—one of the key influences on base rates—fell by ⅛ of a point to 14⅝ per cent, although longer-term rates were either unchanged or a shade firmer.

Three-month Eurodollar rates fell ⅛ to 14⅞ and Euro-Dm rates fell by a similar amount to 9 15/16 per cent.

News from Paris that France and Germany may be ready to take action to deal with the high U.S. interest rates made little impact on Eurodollar rates. Today's U.S. money supply figures are seen as more important in the short term.

The Bank of England did not operate in the money markets yesterday morning, but in the afternoon supplied £292m. Most of the intervention was by way of buying bills of between 15 and 33 days' maturity at rates ranging between 13⅞ per cent and 13 11/16 per cent. Its minimum buying rate was 3/16 down on the previous rate, before the base rate cuts.

France and West Germany will take new initiatives in the face of the serious economic consequences for Europe of continuing high U.S. interest rates. This was announced by President Francois Mitterrand after the Franco-German Summit, Page 3

President-elect quits German employers' group

BY KEVIN DONE IN FRANKFURT

HERR EBERHARD VON BRAUCHITSCH, senior deputy cairman of the privately-owned Flick industrial empire, has resigned as president-elect of the Confederation of West German Industry (BDI). This follows the decision by the Director of Public Prosecutions in Bonn to open investigations into his tax affairs and donations to political parties.

Herr von Brauchitsch has fallen victim to a growing political scandal in the Federal Republic concerning tax evasion and illegal contributions to political party funds.

No formal charges have yet resulted, but at least 1,000 individuals and companies are under investigation for possible tax evasion.

The investigations concern allegations that some donations to party funds have been passed through foreign banks to avoid the West German tax system and that corporations and individuals have used illegal methods to avoid the low ceiling set for tax deductible party campaign contributions.

The affair has already involved major figures in all the leading political parties and has helped to feed rumours about the possible resignation of at least one Cabinet Minister.

Attempts by the business managers of the Government and Opposition parties to introduce legislation, which would have had the effect of legalising retroactively many of the questionable procedures for making party donations, foundered earlier this year on opposition from members of the Social Democratic parliamentary group.

The Confederation of West German Industry said yesterday it had been informed by letter by Herr von Brauchitsch of his decision to stand down.

He wrote that "the simple fact" that an investigation had been launched against him into alleged payments to political parties and the fact that it was unknown how long the investigations would last meant "a burden" for the BDI.

The executive committee of the BDI met barely a month ago, following announcements that the Bonn prosecutor was conducting preliminary investigations, to confirm its support for Herr von Brauchitsch's appointment as the chief spokesman for

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ICI profits up 18%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries' pre-tax profits rose by 18 per cent last year to £335m. And the group's net earnings showed a £206m swing into the black, going from a £20m loss in 1980 to a £186m profit in 1981.

Despite the market improvement in its performance, ICI said yesterday there was "considerable uncertainty over economic prospects for the remainder of 1982 in all major markets" and added that there was "no firm evidence yet of sustained improvement in demand."

Nonetheless, the board declared a second interim dividend of 10p which will mean a total Ordinary dividend of 19p for the year against 17p in 1980.

The group, Britain's biggest manufacturing company, had chemical sales last year of £5.75bn — 12 per cent higher than in 1980. The increase came mainly from overseas. Oil sales, derived largely from its stake in the North Sea Ninian field, increased by 45 per cent to £831m.

Losses on the hard-pressed fibres business were slashed from £86m in 1980 to £36m, and the company has high hopes that the sector will break even in 1982. Losses on the equally troubled petrochemicals and plastics operations were also sharply reduced from £79m to £54m.

Both Sir Maurice Hodgson, ICI's retiring chairman, and Mr John Harvey Jones, who will succeed him in April, said they were less confident of a recovery in fibres. Oil prices had a "destabilising" effect on the plastics market and the current recession in the U.S. meant there was a renewed threat of cutprice American exports coming across the Atlantic.

But Mr Harvey Jones said ICI had no plans to pull out of the bulk plastics business. The implications of such a move, he said, would be "horrendous."

Last year ICI cut its worldwide workforce by 10,800, with 9,600 jobs lost in the UK alone. Sir Maurice said the group had moved up the productivity "league table" in both the U.S. and Europe.

ICI shares which fell to 320p at one point yesterday closed at 328p, up 2p on the day.

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For latest Share Index phone 01-246 8026

France looks to state sector's new entrants for technological lead

BY TERRY DODSWORTH IN PARIS

A NEW catch-word is humming round the French government think tanks and research departments where industrial policy is made. The word is "filiere" and is mean to refer to vertical lines of production which stand—or fall—together.

The notion of "filieres" is important because it is fundamental to the massive restructuring of French industry which is planned as part of the Government's nationalisation programme.

All the five big industrial groups entering the state sector dominate one or more of these chains of production. Each of them is also positioned in areas of big potential technological growth. The task they are being set by the government theorists is to develop their specific filieres and thus become the champions of France's accelerated thrust into new product areas.

Describing this policy recently, M Pierre Dreyfus, the Industry Minister, made it abundantly clear that the new state sector chairmen, while promised independence on a day-to-day management level, will have to act within the basic framework provided by the filiere concept.

The days of financial wheeler-dealing, dedicated to short term profits, have been condemned to the industrial museum. Under the new Socialist order, state investment will be long term, designed to promote France's position in clearly defined areas which provide steady technological advance and therefore jobs and exports.

Four main integrated product areas have been chosen to carry the weight of this strategy after the reshuffling of interests between the different companies.

Chemicals: The Government believes this sector should respond better to the intellectual skills of an advanced industrial country like France—particularly at a time of increased research and investment spending. But the industry is in a disastrous position at present, split between seven different companies, widely dispersed geographically, and losing money heavily.

After a decade of piecemeal reorganisation, there are still no real competitors to the West German or U.S. giants and the sector leader, Rhone-Poulenc, is saddled with continuing problems in its synthetic fibres subsidiary.

From this hotchpotch of companies, some already nationalised (CDF-Chimie, Entreprise Miniere et Chimique and Elf Aquitaine's interests), the Government aims to create three groups which will be "stronger, better integrated in terms of raw materials, and with more effective control over their markets."

Electronics: This filiere is regarded as the most decisive factor in maintaining the competitive strength of French industry, simply because electronic components lend themselves to such a variety of uses, from new industries such as information systems to traditional products such as watches and toys.

An improved performance in this field is an essential element in France's efforts to win back parts of the domestic market through better technology.

France has no shortage of nationalised companies in this broad area, from Thomson to the CIT-Alcatel division of Compagnie Generale d'Electricite (CGE), Matra and Cii Honeywell Bull, the computer group. But the Government is faced with big problems in defining clear fields of interest, especially since this technology if often bewilderingly complex and fast moving.

According to M Dreyfus, initial policy lines have been drawn up to "accelerate" the use of electronics in industry through action on several fronts. First, in components, where it appears that Thomson will be called on to act as a sort of sector leader; secondly, in the field of industrial electronics, with the development of flexible factories, computer assisted design and so on; thirdly, in computers, where Cii Honeywell Bull is the obvious champion and is likely to be hived off from Saint-Gobain; and finally, in consumer electronics, where Thomson is again the only significant French manufacturer.

M Pierre Dreyfus . . . laying down basic framework

Health: The Government aims to extract more from the heavy spending on pharmaceuticals in France. Research expenditure will probably be stepped up to strengthen the pharmaceuticals division of Rhone-Poulenc, newly nationalised, and Sanofi, a subsidiary of Elf Aquitaine, the already nationalised oil company.

Earlier suggestions that Roussel-Uclaf, majority owned by Hoechst of West Germany, would be injected into one of the other groups, have been discounted by a recent agreement which simply gives the state a blocking minority in Roussel shares.

There will also be a state funded scheme to promote the growth of bio-industries.

Materials: Saint-Gobain, Pechiney Ugine Kuhlmann and CGE all have strong activities in sectors such as glass, aluminium, building materials, fibres and ceramics. The Government believes, particularly in the believes that there is considerable scope for developing these products, particularly in the energy saving field.

Boiled down in this way, the filiere idea may not seem much different from the old fashioned French habit of massive restructuring, in which bigger was assumed to be better.

Yet the policy undoubtedly marks a change from the last Government's approach. It is not so deliberately concentrated on choosing extremely limited international market niches to attack with French products. The new state companies will also be given larger resources than most of them have been generating in the last few years.

Although the overall financial requirements of the industrial companies will be based on plans to be drawn up in the next three months or so, the Government has already indicated that it is setting aside about FFr 10bn (£900m) over the next two years for capital requirements.

These will essentially involve Rhone-Poulenc, PUK and Thomson. Rhone-Poulenc is heavily over-borrowed at present, and is reckoned to have lost about FFr 2.3bn over the last two years, while PUK lost FFr 1.76bn last year, and the financial community in Paris believes that Thomson has sunk into a dangerous financial position over the last 18 months. Of the five big new nationalised companies, only CGE and Sain-Gobain are reckoned to be in good financial shape. However, even Sain-Gobain has suffered a big drop in profits after taking on the loss-making Cii business.

The new funds are to be pumped into these companies in the form of capital subscriptions—entirely advanced by the state—on borrowings from the national or international markets. This strategy is to reduce short term profit anxieties and allow companies to plunge ambitiously into new projects—a similar approach to that followed over the last few years in the nuclear power industry.

M Dreyfus insists that the groups must then be managed in such a way as to realise sufficient profits to "ensure the development of the company," while investments should at the same time produce a normal return on capital.

If that is achieved, the Government's gamble on the most far-reaching nationalisation project in the industrialised West will have come off. If not, as a Parisian broker remarks, "the normal rules of capitalism will apply"—except, of course, that those footing the bill will not be shareholders who have chosen to take the risk, but every taxpayer in France.

Moscow warns Bonn over trade sanctions

BY LESLIE COLITT IN EAST BERLIN

THE SOVIET UNION has warned West Germany that it risks destroying Soviet-West German relations by joining in trade and political sanctions against Moscow by the North Atlantic Treaty Organisation and the European Community.

Radio Moscow's German language service said there was a discernible shift by Bonn away from its resistance to U.S. demands for sanctions against the Soviet Union over Poland. The radio station, in a commentary carried prominently in all East German newspapers, warned West Germany not to "put the axe to the root of Soviet-West German relations" by taking part in economic and political sanctions.

The Soviet broadcasting station said that by restricting the movements of Soviet diplomats in West Germany, Bonn was trying to "paralyse" diplomacy between the two countries and to "freeze" contacts between their representatives.

It said West Germany was also annulling the effectiveness of a series of "economic — political" agreements with Moscow. Radio Moscow noted that, by allowing these agreements to be put on ice, Bonn would be "cutting itself to the quick."

● A Nicaraguan military delegation yesterday began what the official East German news agency called an "educational visit" to East Germany to study the "development of sport in the armed forces of the GDR."

General Heinz Kessler, East Germany's Deputy Defence Minister, called the visit by the Nicaraguan officers an expression of the intensifying friendship and co-operation "between our peoples and their armies."

EEC plans, Page 5

Portugal's marine pilots strike

By Diana Smith in Lisbon

MARINE PILOTS in all Portuguese ports went on strike yesterday, as did ground staff serving foreign airlines.

Port pilots have been in dispute since February 16 and stopped work for 48 hours yesterday, blaming failure to agree on their contract. Foreign airlines staff, meanwhile, are striking over the refusal of management to grant a 30 per cent wage increase—11 per cent above the ceiling set by the Government.

For months, Portugal's ports have been disrupted by action by stevedores, merchant seaman or pilots.

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Hardline chorus swells among Polish party's policy-makers

BY CHRISTOPHER BOBINSKI IN WARSAW

THE DEBATE at the Polish Communist Party's two-day central committee meeting, which was scheduled to end yesterday, has revealed a strong groundswell of hardline opinion in the party's top policy-making body.

Speeches published so far show that hardliners are aiming to toughen up General Wojciech Jaruzelski's policies and are out to purge the committee of its more liberal members. However, Jaruzelski, leader of the military council which is running the country as long as martial law continues, has not come under attack nor have direct references been made to politburo members.

The hardline offensive started with Mr. Kazimierz Skwara, a miner from the Ziemowit mine in Silesia, which was one of those which held out until Christmas in strikes against martial law.

Mr Skwara formally put a motion that the plenum verify the 200 central committee members. "The rank and file have been verified," he said, "but the mebers are saying that a thorough verification is needed in the central committee itself." He called for the expulsion of the "ideologically hostile and the careerists."

Mr Jerzy Trzesniewski, from the Warsaw steelworks party organisation — a considerable stronghold—backed up the call and said that the period after the summer of 1980 must be analysed. The party must rid itself of those who "are ever ready to participate in consecutive renewals," a description which could apply to many of Gen Jaruzelski's political supporters.

Another attack came from a Warsaw printer, obviously in tune with Mr Stanislaw Kociolek, the party First Secretary in Warsaw, who is emerging as one of the foremost hardline challengers to the policies of the present leadership. The printer, Mr Albert Kosowski, lashed out at the "lack of consequence in the verification process among journalists in the radio, TV and the Press."

The attack also shows that the hardliners are no longer wholehearted in their support of Mr Stefan Olszowski, the Politburo member in charge of the media.

One speaker, Ms Zdzislawa Gebska, called for the sacking of all school teachers who had been active Solidarity members as unqualified to teach school children.

IMF sounds optimistic note on Turkey's economy

BY METIN MUNIR IN ANKARA

TURKEY'S ECONOMIC stabilisation programme met "encouraging success" last year, but "there is a need to persevere on the existing policy course and to stand ready to address any significant deviations from the programme," according to the International Monetary Fund's latest report on the country.

It is the first optimistic report since Turkey's economy deteriorated seriously in 1977 and estimates that the programme's targets were all met or exceeded last year.

The year-on-year rate of rise in consumer prices had slowed to 31 per cent by last November, it says, compared to 90 per cent at the end of 1980. There was a "striking acceleration in export growth," which reduced the current account deficit to 4 per cent of gross national product from 5.75 per cent in 1980. Real GNP, after declining in 1980, grew by 4.25 per cent.

On the negative side, private investment "remained subdued." Also, the recovery in economic activity "is not believed to have made much of a dent in unemployment, which remained at about 15 per cent of the labour force."

The report says that the Turkish Government is pleased with the progress but has "no illusions about the still considerable adjustment task that lies ahead."

During the next two or three years, says the report, the economy needs to be positioned to be able to absorb the impact of the significant reduction in net use of IMF funds and other concessional government-to-government loans and to meet the much enlarged debt service burden that will emerge in 1984.

At the same time, foreign currency reserves need strengthening to reduce the economy's still acute vulnerability to external shock. All this will require that foreign exchange earnings continue to rise and the external current deficit to decline.

The IMF believes there are four key elements in the next stage of the programme:

- A decrease in the rate of monetary expansion.
- A reduction in the PSBR.
- Continued vigorous implementation of exchange rate policy.
- Perservering with the policy of limiting wage and salary increases to the level of inflation.

The Government forecasts a 30 per cent rise in exports in dollar terms this year and to be able to finance a $10m import bill, while at the same time reducing the current account deficit to $1.8bn. The report, too, considers this to be feasible. It calculates that loans in the pipeline amount to more than $1.1bn and that a further $400m will need to be raised from other sources.

"The progress made so far has clearly matched, if not exceeded, expectations at the outset," it says. But it re-emphasises that "the imbalances that remain are still large. There can, thus, be no relenting yet from the stabilisation programme."

Papandreou visit underlines Nicosia's narrow options

BY DAVID TONGE, RECENTLY IN NICOSIA

TWO FACES of a dusty, fractured land. Potamia, a sleepy, grapefruit centre in the heart of Greek Cyprus where a young Turkish-Cypriot farmer sits in his mud-brick house and tells how he deserted the Turkish army because he did not want to shoot at the Greek Cypriots with whom he had grown up.

Cocmenkoy — Refugee Town —a newly built suburb of Turkish-held Nicosia: Mrs Nazan Selcuk Kesper, a 26-year-old housewife, describes how at the age of seven she had to flee shooting Greek Cypriot soldiers. "I never want to be near them again," she says.

The first face is the idyll in which many Greek Cypriots believe, a past and a future of two communities at peace. The second is a reality which both sides have to face.

This is the island to which Dr Andreas Papandreou is to fly tomorrow on the first visit ever by a Greek Prime Minister. The trip symbolises the support his Government gives to the Greek Cypriots, but it has also caused agonised heart-searching in both Athens and Nicosia and triggered fears of a hasty Turkish countermove.

The most extreme suggestion has been that the Turks might make a unilateral declaration of independence for northern Cyprus and its 120,000 Turkish Cypriots. But such an idea is rejected by Mr Rauf Denktash, the Turkish Cypriot leader. "Mr Papandreou is not our problem," he tells visitors to his book and gadget-filled office.

Perhaps more seriously, the visit has underlined the limited options open to the Greek side as it tries to win back at the negotiating table what it lost to the Turkish army in 40 days during the summer of 1974.

Talks between the two communities have been going on under United Nations auspices since September 1980. But to the Greek Cypriots they have proved a depressing and time-consuming exercise. The basic problem, they argue, is that spotlighted by Dr Papandreou—that no fair talks are possible as long as the Greek Cypriots have to negotiate under the threat implied by the presence of up to 19,000 Turkish troops on the island.

In the Greek view the talks are making no material progress. As Mr George Ioannidis, the Greek Cypriot interlocutor puts it: "I see no light on the horizon to warm my heart about the chances of a development which could lead to a solution."

The Greek Cypriots see four options open to them. They argue they could return to the United Nations, in April or May if no progress is made. They say they might seek an international conference on Cyprus, an idea first put forward by the Soviet Union in 1974. They might press for a United Nations mediator to be appointed, or they might accept arbitration.

Their problem, however, is that at the moment these options are not only rejected by the Turks but, more important, by most other countries interested in the Cyprus dispute. These are now pinning their hopes on what is perhaps the most positive development in the past eight years. In effect a mediator is in place, and he is beginning to cajole the two sides along a course which is leading to the nearest thing to negotiations seen since the Turkish landing.

A forceful Argentine diplomat, Dr Hugo Gobbi, came to the island 16 months ago as the special representative of the UN Secretary General, Dr Kurt Waldheim.

Formally, his mission is restricted to using his "good offices" to help both sides. He soon realised this would lead nowhere and four months ago submitted to both sides a document blending their positions. He did so at the risk of being rebuffed by both the communities and by an increasingly hesitant Dr Waldheim.

He overcame problems in his own camp by giving the UN 30 minutes—at 4 am New York time—to stop him presenting the document. He settled the other sides' fears by insisting it committed nobody. Yet today the so-called "Waldheim Evaluation" has become the basis for what both sides admit in private is the first outside mediation in the dispute for nearly 20 years.

The two sides are now discussing a potential constitution. They remain fundamentally divided on the nature of the state, the powers to be given to the central government, and the extent to which the Turkish Cypriots—with 18 per cent of the population—should be given equality with the Greek Cypriot majority. But they have agreed on 22 lesser Articles.

To the outside world, these may seem withered fruit, but in Cyprus such developments mark movement. Still, the prospects for the future are at best mixed.

At the communal level, Mr Denktash has seen his own mandate cut back in last year's elections and is now struggling to put together a fresh coalition. On the Greek Cypriot side all calculations are dominated by the prospect of Presidential elections in 12 months' time.

The Church and the Edek socialist party of Dr Vassos Lyssaridis, oppose the intercommunal talks. Archbishop Chrysostomos asks visitors who press the reality of the situation: "Does realism mean one must kneel in front of the strong?" But most other parties, including the communist Akel, the largest party on the island, throw their weight behind the talks.

In Ankara, the Turkish generals see some advantages in a settlement, given their other problems with their allies. However, the Greeks have to reconcile their deepfelt commitment to Cypriot Hellenism with their anxiety over the abrasiveness of Greek-Turkish relations.

Internationally, the West Germans are keen to see movement in the talks, but Moscow and Washington are pulled in different directions. Western diplomats believe Moscow prefers Cyprus to remain a running sore for Nato. But the view stressed by men close to Akel is that Moscow wants a settlement, not least because it could lead later to the challenging of the two British bases on the island.

Washington and London stress the need for a settlement but Washington in particular has not been greatly using the influence it could exercise over Turkey.

All in all the balance is as complex as ever. It will probably be little altered by the trip of Dr Papandreou, although UN and Western diplomats fear his trip could stiffen the backs of the Greeks and put a further hurdle in Dr Gobbi's path.

Turkey's military rulers are believed to have appointed Professor Turhan Feyzioglu, (60), a leading conservative politician, as legal adviser to the Turkish Cypriot community in the intercommunal peace talks in Cyprus, writes Metin Munir in Ankara.

It is the first time since the military takeover 17 months ago that the generals have given a job of such importance to an MP who served in thedisbanded Parliament.

Paris and Bonn pledge interest rate action

By David Housego in Paris

FRANCE and West Germany will take measures to avert the serious economic consequences for Europe of high U.S. interest rates, President François Mitterrand said yesterday.

He was speaking at the end of his two-day meeting with Chancellor Helmut Schmidt at which the emphasis was on closer ties between the two states and more effective European collaboration. The proposals would be submitted to other European states for their evaluation, he said, but France and West Germany remained firm in their determination.

His remarks were taken to refer to fresh attempts to persuade the U.S. to lower domestic interest rates, backed up by greater European co-ordination to influence exchange and interest rate movements.

Proposals to this effect are likely to be put to next month's meetings of European finance ministers and heads of government. French officials say there is sympathy within the U.S. Administration for European anxieties about interest rates and over Europe's desire for more active U.S. intervention to prevent large fluctuations in the dollar's exchange rate.

They add that West Germany, worried by unemployment and the pressure on the D-Mark has increasingly come to share French views on this issue.

The declaration issued after the meeting spoke of joint initiatives on interest rates in which EEC co-operation would be sought to stimulate investment and enable industry to innovate and modernise.

It spoke of increasing Europe's weight in the world and said that both states sought real progress towards European union.

Implicitly referring to the sharp disputes over EEC agricultural prices and Britain's demand for a cut in its net budget contribution, it said the Community must resolve "in a spirit that transcends the interests of each member state, the difficulties which currently impede its working."

On East-West relations, the two states issued what M Mitterrand called a "firm" declaration to the Soviet Union. But it was neither as strongly worded as some past French declarations, nor as cautious as earlier West German ones.

While expressing anxiety at the deterioration in East-West relations because of Poland, Afghanistan and Soviet rearmament, the two also spoke of continuing the dialogue with the Eastern bloc.

As much concern was voiced for the need for closer links between the U.S. and other members of Nato. It called for closer consultation between Europe and the U.S. to define common objectives and to adjust better to each other's interests.

Haughey brushes off leadership challenge

By Brendan Keenan in Dublin

MR CHARLES HAUGHEY yesterday brushed aside a challenge from Mr Desmond O'Malley, his industry spokesman, for the leadership of the Fianna Fail party when he received the unanimous backing of his parliamentary party.

Mr. Haughey said later that he would continue discussions with the independents and minor parties with a view to forming a stable government when the Dail (parliament) mets on March 9.

There was a crucial intervention from Dr Martin O'Donoghue, the finance spokesman, whom Mr O'Malley had counted as one of his principal supporters, when he said that in the interests of party unity, there should be no vote.

Senior figures in the party also argued against a contest. One of these, Mr Jim Tunney, said people would not understand how they could vote for a party under one leader and find a different one within weeks.

Mr O'Malley withdrew his challenge and accepted afterwards that the timing had been "awkward." But he said it was not of his choosing.

Mr O'Malley, aged 43, said he would stand for the leadership again when the time was appropriate and would be willing to serve in a cabinet under Mr Haughey. Mr Haughey said he would choose his cabinet on merit.

The Government parties under Dr Garret FitzGerald must now get down to the task of wooing the Left-wingers who hold the balance of power if they wish to continue in office after March 9.

Mr Haughey is still favourite because of the three extra seats he holds over the combined Government parties.

Dutch will tighten accord on oil company investment

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government is to tighten the conditions of a gentlemen's agreement with Royal Dutch Shell and Exxon over promised investments in the Netherlands. However, it has no plans to revise the agreement fundamentally or to increase the State's take in the oil companies' profits on Dutch natural gas.

The Groningen gas field, which accounts for 71 per cent of Dutch reserves of 2,101bn cubic metres is covered by the gentlemen's agreement. The smaller onshore fields account for 14 per cent, the offshore fields for 12 per cent and Norwegian imports for 3 per cent.

A majority of MPs yesterday accepted assurances from Mr Jan Terlouw, the Economics Minister, that the companies had kept to the agreement. Shell and Esso Nederland, Exxon's Dutch subsidiary, have agreed to invest in the Netherlands Fl 14bn (£2.94bn) of the Fl 15.4bn they expect to earn on Dutch gas in 1980-84.

Under pressure particularly from the Labour Party, which is one of the three Government coalition partners, Mr Terlouw promised to review whether Government investment premiums could count towards the spending total, how research and maintenance costs should be treated and how spending should be verified.

The Government has already persuaded Shell and Esso to make a firmer commitment to give preference to Dutch manufacturers.

Spanish rebellion trial mirrors national divisions

BY ROBERT GRAHAM IN MADRID

THERE IS a curious and unintentional symbolism in the siting of the court martial for the abortive coup of last February.

The army ordnance depot where the trial is taking place lies at the edge of a nondescript Madrid suburb with tatty modern apartments and barracks encroaching on what was once open country and is now bleak wasteland.

This same uneasy coexistence between urban and rural Spain is being played out in the courtroom, where 32 officers and one civilian are being tried for rebellion.

A typical incident occurred on Wednesday when defence counsel for Gen. Jaime Milans del Bosch, one of the principal accused, asked to have his service record read out.

Gen Milans del Bosch: service record read out

The president of the court martial interrupted and said that the distinguished general's record was well known—Gen Milans del Bosch being one of the most highly decorated officers in the Spanish armed forces. The defence counsel insisted, and the president acceded to the request.

The clerk of the court started reading very rapidly. Defence counsel immediately asked to have the record read at normal speed. The reading took almost an hour, going through every battle in the civil war and on the Russian front, and old words which Democratic Spain has sought to bury like fighting against "the Reds" (the Republicans) were revived.

The defence's intention was clear: to remind the court that it was dealing with a man of unquestioned valour and patriotism, who would never undertake any venture lightly or unconstitutionally.

The prosecution wants 30 years jail for the general who, as commander of the Valencia military region last February, is alleged to be one of the ringleaders of the attempted coup.

The uneasy coexistence between democratic Spain and the traditional values enshrined in the Franco era also came to the fore in the incident on Tuesday that led to the expulsion of the editor of the Daily Diario 16 and the withdrawal of the newspaper's accreditation.

Angered by an article in the newspaper, the accused refused to go into court that day until the editor had been ejected. The president of the court martial, faced with having to forcibly bring prominent army officers into court, bowed to their request. The president's ruling has been chalked up as a psychological victory for the accused.

This incident has transformed the atmosphere at the trial which was beginning to become more relaxed after the tension of the opening two days. The latent antagonism between the Press and members of the families of the accused came out into the open—the Press not being wholely blameless.

The jeers accorded to the Press by both members of the families and military observers are unlikely to be the last. Moreover, because of the underlying tension, there is a constant danger that a petty issue could suddenly blow up into something big.

The accused sit in red velvet chairs with their backs to the public and Press, separated by a bullet-proof glass partition. One empty seat remains, that of Sr Juan Garcia Carres, the corpulent former head of one of the Francoist vertical syndicates and sole civilian accused. He is undergoing heart treatment in hospital.

The accused look remarkably fit and tanned and have listened to the proceedings—so far essentially the reading of written evidence—with a mix of arrogance and bemusement.

The exception has been Gen Alfonso Armada, former head of the King's household. Throughout he has been sullen and introspective, possessing the least military carriage, emphasising that he is the most enigmatic figure on trial.

All the accused have blamed him as responsible for saying the King was behind the coup attempt. He has denied in a dogged statement any royal backing or any direct involvement.

The prosecution case on what appears to have been soft pre-trial questioning is that Gen Armada knew about the coup and was a ring-leader along with Gen Milans del Bosch and Col Antonio Tejero, who seized parliament.

On the night of February 23, Gen Armada went to parliament to meet Col Tejero, who thought the latter was to be the head of government of national salvation.

Gen Armada claims that he went on his own initiative to defuse the situation.

This is going to be a crucial point when the accused are cross-examined and witnesses called. Another crucial point will be the extent to which the court is willing to accept the obedience of superior orders as a defence, pleaded by most of the officers.

OVERSEAS NEWS

AMERICAN NEWS

INDIA'S BUDGET

Balancing act for Treasury

By K. K. Sharma in New Delhi

WITH THE armed forces peering over one shoulder, demanding more money, and the International Monetary Fund peering over the other demanding austerity, Mr Pranab Mukherjee, India's new Finance Minister, could be forgiven if he felt claustrophobic as he prepares his first budget for presentation to Parliament tomorrow.

He must perform a difficult balancing act with an economy beset by rising inflation and a fast-deteriorating balance of payments. While tackling these, he cannot neglect other priorities.

Demands for more modern weapons by the armed forces must be met because of the Government's security perceptions. The defence budget took 30 per cent of Government spending last year and will probably account for more this time.

Nor can the Minister avoid providing funds for development projects included in the country's ambitious £53bn, sixth five-year plan (for the period 1980-85).

This is about to enter its third year after the first two years have registered promising signs of an average growth rate of more than the annual target of 5.2 per cent. If this momentum is maintained, India could finally exceed the low average annual rise of 3.5 per cent achieved in the past three decades and start on the path to real growth.

Mr Mukherjee's task is to ensure such a growth. The obstacles are formidable apart from the demands of the

Relations between India and Pakistan, who last month discussed a proposal for a no-war pact, have taken a turn for the worse following the Indian Government's decision to postpone indefinitely a visit to Islamabad by its Foreign Secretary, Mr R. D. Sathe, K. K. Sharma writes.

This follows the raising of the Kashmir dispute by Pakistan's delegate to the Human Rights Commission in Geneva. India believes the two countries had agreed that Kashmir was an issue only to be taken up bilaterally.

generals. The Finance Minister must make sure that the IMF is satisfied so that it authorises the second year's instalment of the three-year $5.8bn (£3.12bn) loan that India has taken.

The foreign exchange reserves now stand at the perilously low level of 32bn rupees (£1.9bn) or less than three months worth of imports. Continued disbursements from the IMF are, therefore, essential if the country is to continue the relatively liberal import policy launched to modernise industry and to increase production.

With an increase in industrial production of around 8 per cent in 1981-82 and in agricultural output of 3 per cent, there is hardly any slack left in the economy.

Further production can thus come from improved productivity and new capacity. This needs fresh investment, requiring the Government to go beyond the holding operation of the last two years. For public sector investment, this means raising massive additional resources. For the private sector, it means incentives and easing of severe credit curbs.

The two are not easy to reconcile. Raising more resources in the form of additional taxation could be self-defeating at a time when the taxation structure needs to be rationalised. Industrialists are clamouring for concessions to enable them to generate their own funds for investment.

The Finance Minister has two options. He could meet the demands for more defence and developmental expenditure by allowing a large budgetary deficit, as his predecessors have done (last year's deficit financing was Rs 15bn). He could also resort to increased borrowings from abroad.

In doing both, he would face major obstacles. The IMF is closely watching the expansion of money supply. It has limited the expansion to 19.4 per cent in 1981-82 and will not want it raised much more next year. The IMF has also said that India should place a ceiling of $1.4bn on short-term non-concessional external borrowing.

The Government's annual economic survey boasts that India kept the annual inflation rate down to under 6 per cent until mid-January, although the rate by March may be 9 per cent.

The economic survey anticipates a trade deficit of more than Rs 55bn in 1981-82, the second year in succession. It also says that the international aid climate has deteriorated.

If imports are not to be slashed, exports must be increased. The survey has noted with concern that over the past five years export earnings have barely kept pace with the rise in inflation. Clearly the country is not as export-conscious as it should be.

Labour spurns Begin national unity call

BY DAVID LENNON IN TEL AVIV

THE OPPOSITION Labour Party yesterday rejected the call to join the government of national unity which was issued by Mr Menahem Begin, the Prime Minister, and led to threats by the left wing to quit the party if it joined the coalition.

Mr Shimon Peres, the Labour Party chairman, said yesterday "to my regret I do not see any real, common and broad basis between us and the ruling Likud, not in the political area and not in the social and economic areas."

Addressing the Party's central Committee, Mr Peres said that he had written to the Premier in response to Mr Begin's invitation that "there is no point in discussing the establishment of a government before discussing the policy of the Government."

However, the Labour Party did offer one concession to the Premier in agreeing to participate in a joint parliamentary delegation to the U.S. to explain Israel's opposition to the sale of advanced American weapons to Jordan.

Even though some Right wing members of Labour had voiced guarded support for joining the government coalition, the Party's Central Committee yesterday evening approved Mr Peres' rejection of the Premier's offer.

An official in the Prime Minister's Office said earlier yesterday that if Labour rejected the appeal for unity then Mr Begin may decide to call for elections before the end of this year.

Mr Menahem Begin, the Israeli Prime Minister, yesterday launched a new bitter personal attack on Herr Helmut Schmidt, the West German Chancellor, who he said should "go down on his knees and ask the forgiveness of the Jewish people" for Nazi atrocities, our Tel Aviv correspondent writes. This latest outburst was prompted by an Israeli newspaper report from Paris, quoting Herr Schmidt as saying that he would not visit Israel unless Mr Begin apologised publicly for earlier attacks. France's President Francois Mitterrand is due to visit Israel next week. Last summer the Israeli premier accused the West German Chancellor of "unbridled greed and avarice" in his Arab policy after Mr Schmidt had spoken in favour of Palestinian rights during a visit to Saudi Arabia.

Israeli army seals four Golan Heights villages

BY OUR TEL AVIV CORRESPONDENT

THE ISRAELI army sealed off the four Arab villages on the occupied Golan Heights yesterday as a general strike by inhabitants protesting against Israeli annexation of the Syrian territory entered its 12 day.

Army chiefs drove through the four villages early yesterday, announcing that the towns were closed and that entry and exit were forbidden. The previous night all telephone links to the villages were severed by the authorities.

Eight leaders of the 13,500 Druze Arabs who live on the Golan have been arrested and placed under administrative detention as part of the attempt by the Israeli authorities to break the strike. This appears to have stiffened resistance to Israel's December annexation of the Heights.

There were reports of angry disputes yesterday between Israeli troops and western correspondents who wanted to visit the Golan

Autonomy talks continue

BY ANTHONY McDERMOTT IN CAIRO

EGYPT AND Israel have come to no agreement over Palestinian autonomy in the Gaza Strip and on the West Bank, nor over the precise date of President Hosni Mubarak's first visit to Israel.

Mr Yitzhak Shamir, Israel's Foreign Minister, concluded a three-day visit yesterday during which he had several rounds of talks with Mr Kamal Hassan Ali, his Egyptian counterpart.

According to Mr Ali, Mr Mubarak, who met Mr Shamir yesterday morning, will visit Israel, though whether he does so before April 25, the date of Israel's final withdrawal from Sinai, has not been established.

Key Cabinet members shifted in Kenya shuffle

BY MICHAEL HOLMAN

IN HIS first major reshuffle since succeeding the late Jomo Kenyatta in 1978, President Daniel arap Moi of Kenya has shifted two key members of his Cabinet.

The move appears to reduce the influence of two of the most powerful men in the Government as well as to reflect increasing concern over the Cabinet's ability to handle the country's economic difficulties.

The Vice-President, Mr Mwai Kibaki, is moved from Finance to Home Affairs, the portfolio which had been held by Mr Charles Njonjo in addition to Constitutional Affairs, which he retains. The new Minister of Finance is the former Health Minister, Mr Arthur Magugu.

The reshuffle goes beyond ministerial posts, and includes permanent secretaries.

Two Ministers of State in the President's office who are close to Mr Moi are given their own ministries. Mr Godfrey Kariuki heads the Ministry of Lands, Resettlement and Physical Planning and Mr Nicholas Biwott takes over the new Ministry of Regional Development, Science and Technology.

Mr Kibaki and Mr Njonjo have been part of a powerful triumvirate (the third member being President Moi himself) dominating the political scene. But deep rivalry between Mr Kibaki and Mr Njonjo, members of different Kikuyu clans (Mr Moi is from a minority tribe) has, in the view of many observers, tended to distract the Government from handling serious economic problems.

More scope planned for S and Ls

By Paul Betts in New York

NEW regulations were proposed yesterday to give broader powers to the troubled U.S. savings and loan industry. The proposals by the Federal Home Loan Bank Board, which regulates the U.S. thrift industry, will enable savings and loan associations (S and Ls) to offer money market mutual funds as well as engage in some security brokerage activities.

Money market mutual funds, which offer small investors the possibility of investing in high-yielding financial instruments, have literally exploded in the U.S. market during the past 18 months. Their success has been acutely felt by the U.S. banking industry, because money market funds have been steadily eroding bank deposits.

The new proposals to aid the S and L industry would also enable subsidiaries of thrift institutions to underwrite insurance and offer private mortgage insurance as well as engage in commercial lending and leasing activities.

The board also proposed yesterday to allow S and L institutions to trade financial options on organised exchanges.

Talks on Sudan debt rescheduling

By Our Foreign Staff

SUDAN'S CREDITOR countries are to meet in Paris next month to discuss rescheduling part of its official debt.

The meeting, to be held under the auspices of the "Paris Club," follows agreement by the International Monetary Fund to provide Khartoum with a $225m (£122m) standby credit for 12 months and agreement by major Western donors, under IMF co-ordination on a mixed aid package worth about $350m.

An agreement to reschedule up to $600m of Sudan's commercial debt was signed in London on December 30 last year and comes into effect in April. The commercial debt rescheduling concentrates chiefly on principle, but includes some $100m of interest.

Sudan's rapidly worsening economic condition has apparently galvanised its Western allies, notably Saudi Arabia and the U.S., into shoring up the Government of President Jaafar Nimeiri.

With total external debt standing at about $6bn, and faced with a current account deficit for the present financial year of nearly $600m, the Sudanese authorities have had to deal with an upsurge of political unrest this year.

Western bankers close to the Sudan Government say that the IMF and "donor" agreements have been designed to close a $560m financing gap perceived by the Fund for calendar 1982. The donor package consists chiefly of commodity pledges but includes some cash and a "small" amount of debt restructuring by some Arab Governments.

According to the Japanese Foreign Ministry, the pledges include aid worth $100m from Saudi Arabia, $90m from the U.S., $26m from France and Japan, $10m from the Netherlands, $3.5m from Italy and $1m from the UK.

Late editions of yesterday's Financial Times reported incorrectly that between $350m and $400m of Sudan's official debt had recently been rescheduled. This arose out of reports from Washington which had apparently confused the aid agreement with next month's Paris Club meeting, which is expected to consider rescheduling $500m of Sudanese debt.

Lowest price rises for 18 months

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. inflation rate slowed further in January, with consumer prices rising by only 0.3 per cent, the smallest monthly increase in a year and a half, the Labour Department reported yesterday.

The year-on-year rate dropped to 8.4 per cent, against 8.9 per cent in December, when the 12-month increase in the index fell below 9 per cent for the first time in over three years.

The White House welcomed the figures as evidence of a "continuing trend of improvement" in the fight against inflation, to which President Reagan has accorded top priority. The Labour Department said the slowdown evident since October was continuing.........

Officials were cautious about claiming too much credit for Mr Reagan's policies to account for the slower increase in prices at a time when they are still blaming the current recession and high unemployment levels on the policies of the previous Administration.

In New York, Mr Murray Weidenbaum, chairman of Mr Reagan's Council of Economic Advisers, said that the current quarter would mark the bottom of the recession, suggesting that he is sticking to his view that the upturn will start in late spring or early summer.

The January price index was influenced by an 0.2 per cent fall in transport costs, due largely to cheaper petrol and lower car prices, and a drop of 0.1 per cent in the cost of clothing.

These declines helped to offset an 0.7 per cent jump in the index for food and beverages, following increases of only 0.1 per cent in each of the preceding two months, and a similar 0.8 per cent increase in the cost of medical care.

U.S. budget deficits 'underestimated'

BY ANATOLE KALETSKY IN WASHINGTON

THE Reagan Administration has greatly underestimated the size of federal budget deficits over the next four years in its 1983 budget proposals, the non-partisan Congressional Budget Office reported yesterday.

Even if President Reagan succeeds in pushing the whole of his "deficit reduction programme" through Congress, the office says, deficits will rise to $121bn (£65bn) in 1983 and $140bn in 1985, compared with the Administration's prediction that they will fall to $91.5bn in 1983 and $72bn in 1985.

The predictions appear in the CBO's report on next year's budget proposals. The CBO is the most authoritative official source of budget information serving Congress.

According to the CBO, even the President's prediction of a $98.6bn budget deficit in the current fiscal year, which ends in October, appears to be understated by about $12bn, mainly because of over-optimistic assumptions about economic recovery.

In a subsequent three years the $140bn cumulative excess of the CBO's deficit forecasts over the President's estimates is attributable mainly to differences in technical analysis of the true fiscal impact of various proposed reforms, rather than to differences in economic assumptions.

Mrs Alice Rivlin, the CBO director, told the Senate appropriations committee yesterday that the President had underestimated by about $43bn the cumulative revenue losses resulting from his tax cutting programme between 1983 and 1985. Over the same period he had underestimated outlays by an average of about $20bn a year.

The CBO's main disagreements with the Administration on outlays centre on four major areas of federal spending: farm price support, defence procurement, debt interest and the budgetary benefits predicted from accelerated leasing of outer continental shelf oil exploration rights.

The CBO's firmest predictions are on farm price supports, where it has used more recent information on harvests and prices to forecast an additional $5bn of spending in both 1982 and 1983. On the oil leasing programme, discussions with the oil industry and the fall in oil prices suggest to the CBO that proceeds are more likely to be $138bn a year in 1983 and 1884 than the $18bn projected by the Administration.

The CBO's report is bound to intensify still further the pressure on the Administration to accept radical alterations in its budget proposals. President Reagan has repeatedly implied that deficits of more than $100bn a year would be unacceptable and that he is determined to ensure that the deficit figures decline annually throughout the rest of his term of office.

In a separate report issued yesterday by the Congressional joint economic committee, the committee's Democratic members, launched a detailed "alternative strategy" challenging all the major planks of "Reaganomics."

The Democrats propose rescinding the planned 1983 tax cut, at least until the commomic and budgetary situation becomes clearer. This gesture of "fiscal responsibility" would be combined with a relaxation in monetary policy and numerous longer term structural measures to produce lower interest rates and a rapid decline in unemployment.

Romania misses payment on U.S. agriculture loan

BY OUR WASHINGTON CORRESPONDENT

Romania has missed a payment of $5.8m (£3.1m) on an agricultural loan for the U.S. Government's Commodity Credit Corporation (CCC), the Agriculture Department has disclosed.

Although the amount of money involved is small, this draws renewed attention to the financial crisis in Romania and Eastern Europe. It comes as something of an embarrassment to President Reagan, who has been strongly criticised by his Right-wing supporters for allowing Poland to miss payments on Government-backed loans without invoking formal default clauses in loan agreements, which would trigger off default proceedings by other lenders.

Unlike the Polish loans, which were private export credits guaranteed by the EEC, the Romanian loan on which a payment has been missed was a direct loan from the CCC to the Romanian Government. The two banks involved, First Chicago International and European-American Bank, acted only as collection agents.

The Agriculture Department has stressed that in neither case did it have the option of refusing to refund the banks, which had not received their money from the borrower.

Mr Thomas Hammer, Deputy Under Secretary of Agriculture, also said yesterday that he had contacted the State Department in order to seek rapid repayment from Romania.

Venezuela favours Opec meeting to boost oil price

BY KIM FUAD IN CARACAS

VENEZUELA favours an extraordinary meeting of the Organisation of Petroleum Exporting Countries (Opec) to consider ways of shoring up oil prices, Dr Humberto Calderon Berti, Energy Minister said yesterday.

"Venezuela wants a meeting, but believes that it should be on the basis of a consensus or previous agreement between the ministers to assure that it will be a success," Dr Calderon Berti said.

Venezuela, which ranked second among Opec producers after Saudi Arabia last year, with an average output of 2.1m barrels a day, has seen its production drop by almost 400,000 b/d since the beginning of the year.

Declining demand has also forced the country to make successive cuts in crude and refined product prices.

Dr Calderon Berti said that, based on present export and price cuts, Venezuelan oil sales income in 1982 could fall by more than $1.6bn (£866m). The country's oil industry has trimmed its 1982 operational budget of $4.1bn by 10 per cent to cope with the cuts.

Low refinery runs have forced Venezuela to import petrol from the neighbouring island of Trinidad, which supplied 180,000 barrels this week to cover domestic requirements of more than 160,000 b/d.

Mixed response to Caribbean plan

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

REACTIONS to the U.S. initiative in Central America and the Caribbean announced by President Reagan in Washington on Wednesday have been mixed.

President Rodrigo Carazo, the outgoing Costa Rican leader, hailed it as a "practical answer of the U.S. Government to the pressing problems suffered by more than 15 nations," and Mr Jorge Illueca, the Panamanian Foreign Minister, said the plan had "enormous interest."

Prime Minister Edward Seaga of Jamaica, who was singled out for special commendation by Mr Reagan in his speech, called the new U.S. plan "bold, historic and far reaching in concept."

There was, however, no immediate reaction from Mexico and Venezuela, both of whose governments are expected by the U.S. to increase their assistance to the region. The Mexican president, who presented his own plan for detente in the area on Sunday, which was received coolly in Washington, is unlikely to be enthused by the Reagan initiative.

In San Salvador, President José Napoléon Duarte made a television broadcast to support the U.S. project, which he said opened unlimited opportunities for the Salvadorean economy.

The so-called Caribbean Basin Initiative (CBI) received a predictably hostile reception in Havana. Havana Radio called it "a mixture of lies, cynicism and threats." In Moscow, Tass said Mr Reagan's plan aimed to support "counter-revolutionary elemtns and bloodstained repressive regimes."

In Peking the official Chinese news agency, reflecting the Government's declining enthusiasm for U.S. policies in the area, said that Mr Reagan was reflecting the intensified rivalry of the U.S. with the Soviet Union for hegemony in the Caribbean region.

Sr Alejandro Bendana, the Nicaraguan Ambassador at the UN said that Washington was undermining his country's economy, while at the same time speaking of aid for the Caribbean. Sr Bendana made a further denial that Nicaragua was channelling arms to insurgents in Central America and callenged the U.S. to prove its allegations that this was so.

In Britain the Foreign and Commonwealth Office welcomed Mr Reagan's speech as "a positive step." A spokesman for the office, commenting on the decision of Mr Richard Luce, the junior minister in charge of Latin American relations, to visit the State Department next week, denied that he would be expressing European unease at U.S. policies in the area.

Edward Seaga: plan is "historic"

Ruling party split leaves S. African politics in turmoil

BY J. D. F. JONES IN JOHANNESBURG

THE SPLIT in South Africa's ruling National Party widened yesterday as the ultra-conservatives led by the Minister of State Administration, Dr Andries Treurnicht, prepared to bid for control of the Transvaal branch of the party.

Dr Treurnicht has called an all-important extraordinary meeting of the head committee of his provincial party in Pretoria tomorrow and the executive of the provincial party is expected to meet today.

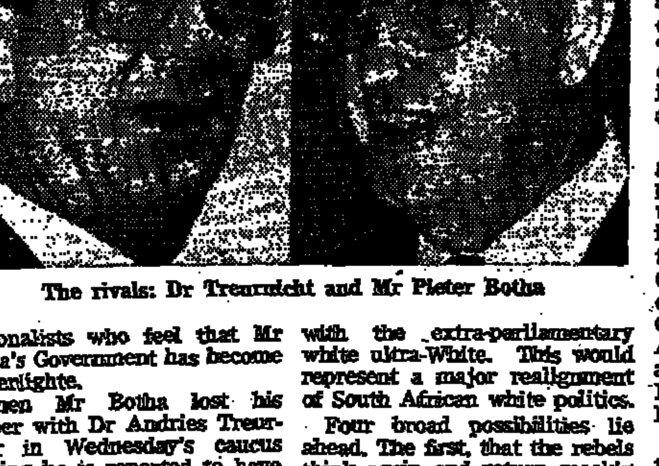
The Prime Minister, Mr P. W. Botha, is visiting South-West Africa (Namibia). He has given the rebels until next Wednesday to fall into line, but is under great pressure to dismiss Dr Treurnicht immediately.

South African politics have been suddenly plunged into turmoil by the refusal of 22 National Party MPs on Wednesday to give the Prime Minister the confidence vote he had requested. There is unanimous agreement here that this is the most dramatic and important political development in the republic since the Nationalists came to power in 1948.

What has happened is that the Prime Minister has failed in his three-year effort to hold together the Verligte (Reformist) and Verkrampte (Conservative) wings of his party. It has always been a nightmare of Afrikaner Prime Ministers that they might preside over the splitting of the party. This is not only because the unity of the Afrikaner "Volk" has been fundamental to their steady emergence to power throughout the first half of this century, but also because the history of South African politics can be written in terms of schism followed by a shift to the Right.

Thus, white South Africans were yesterday discussing this week's drama by reference to the Hertzog Botha division of 1914, the Malan/Hertzog breakaway of 1933, the fundamental split in 1939 between Smuts and Hertzog, and, most relevantly, the 1969 expulsion from the National Party of the extreme Right under Hertzog's son who went on to form the Herstigte Nasionale Party (HNP).

Throughout the 70s the HNP has steadily built up grassroots support as a white-supremacist Afrikaner party. In last April's election it won 200,000 votes. Although it failed to win a parliamentary seat, the HNP has been more of a worry to Mr P. W. Botha that the official opposition Progressive Federal Party, with its 27 seats, since the HNP has threatened to tempt away Verkrampte



The rivals: Dr Treurnicht and Mr Pieter Botha

Nationalists who feel that Mr Botha's Government has become to Verlighte.

When Mr Botha lost his temper with Dr Andries Treurnicht in Wednesday's caucus meeting he is reported to have said to him: "Go to the Herstigtes and to Hertzog where you belong."

In these words the Prime Minister was referring to the most likely of the consequences of the rift in caucus—a breakaway by Dr Treurnicht and his followers, in some form or other, after which they must be expected to make common cause with the extra-parliamentary white ultra-White. This would represent a major realignment of South African white politics.

Four broad possibilities lie ahead. The first, that the rebels think again and return meekly to the party fold, seems extremely improbable in view of the tenor of yesterday's public and unconcealed backbiting. It is true that Dr Treurnicht has always in the past preferred to back down from outright confrontation, but his tactics on Wednesday suggest that he has moved far out on the limb and sawn off the branch.

One Machiavellian but unconvincing theory is that Mr oBtha skillfully plotted for him to do just that.

A second, and were likely alternative, is that the Right will resist compromise and will go on to form a separate grouping or organisation. One real possibility is that the rebels, most of whom are Transvaal MPs, will "capture" the Transvaal branch of the National Party and set up in opposition to the parliamentary Nantional Party.

Il the course of any such regrouping the rebels could expect to work towards o loosely united rigt-wing that would take in the existing extra-parliamentarians—the HNP, the National Conservative Party led by the disgraced Cabinet Minister, Dr Connie Mulder, thequasi-fascist Afrikaner Weestandsbeweging, and the moreideological Aksie Eie Toekoms ("Action Our Future").

The flavour of these organisations was summed up yesterday by Mr Eugene Terre'Blanche of Afrikaner Weestandsbeweging, when he said: 'If Dr Treurnicht intends to restore the right of self-rule to the white man, to approach matters from a Christian viewpoint, and to restore old-time Apartheid, I congratulate him and his followers on their decision to uit the government."

The third possible conseuence would be that this might free Mr Botha to press on with the Verlighte policies that he originally promised when he come to power but which (on a charitable interpretation) he has been reluctant to develop out of reluctance to split the party. This argument is summed up in yesterday's response by the influential Verligte Afrikans newspaper, Beeld, which described the rebellion as a "purification" and a "liberation" of the National Party.

More cynical observers, however, wonder whether after years of trimming, Mr Botha has it in him to write off the Transvaler reactionaries and to develop the middle ground.

If he did so, he could hope for some backing from the opposition PFP and also from the rump opposition, NRP with its eight seats. However, it is possible that the rebel conservatives might try to tempt away more caucus Nationalists and so take over as the official opposition, with or without NRP support. (The National Party has 142 seats out of 177, 22 of them have rebelled and 19 have yet to show their hand.)

In all of this the issue of "power sharing"—the debate about finding a place for the Coloured and Indian minorities inside the white legislative system, which has emerged this week as the breaking point for the right-wingers—will continue to dominate the political debate.

The President's Council is due to come up with constitutional recommendations in this area at the end of April. It is significant that the Afrikaners' long-standing and guilty moral dilemma about the place of the Coloureds has surfaced again as the cause of the schism, since it lies at the heart of the split between the Cape and the Transvaal.

A fourth possible consequence is also being mentioned—dramatic and even unreal though it may sound to Western ears. That is the prospect of some sort of military coup. Mr Botha's closeness to the military leaders is well known and has been illustrated by the way he has brought them into his new system of government.

It is being seriously suggested that exasperation with the right-wing restraint on Government, together with the argument that only dramatic measures can cope with the alleged "total onslaught" on South Africa, would make it tempting to set up some sort of "executive presidency." For the time being it would be wise to dismiss this possibility.

Japan resists U.S. calls for trade concessions

BY CHARLES SMITH IN TOKYO AND PAUL CHEESRIGHT IN LONDON

JAPAN yesterday appeared to be stiffening its resistance to U.S. demands for trade concessions. Senior officials responded sharply to the suggestion of Mr Malcolm Baldrige that pressures for protectionism could not be checked unless Japan did "something dramatic."

But in Tokyo it was announced that Japan's five main economic Ministers will meet early next week to consider trade relations with the U.S. and initiate further action to defuse tension.

Although the Government may be planning further liberalisation measures, probably focussing on agriculture and services, next week's meeting will certainly not take any final decisions. The meeting is more likely to initiate a study of possible measures.

Mr Baldrige's demand was levelled at a mission sent to Washington to explain recent moves to lower tariffs and remove non-tariff barriers. The mission is led by Mr Masumi Esaki, a former Minister of Trade and Industry.

But Mr Zenko Suzuki, the Japanese Prime Minister, found it too vague. "Unless they talk in specific terms, you can't tell whether their position is really harsh or flexible. If we are asked to do this or that, then we can study and reply 'we can do this but cannot do that,'" he said.

But Mr Kiichi Miyazawa, the Chief Cabinet Secretary, was sharply critical of the movements for protectionism in the U.S. In a statement, he said "I doubt if the Americans know of the Gatt (General Agreement on Tariffs and Trade) rules. That's why they have introduced reciprocity legislation that could send us back to the 1930s."

This was a reference to moves in the U.S. Congress to enact laws which would specify that the U.S. gives access to its market only on the same conditions it suppliers have access to the Japanese market.

Mr Esaki was told in Washington, however, that Congress had been forced to consider means of redressing the problem of the growing Japanese trade surplus and what he termed Japan's unfair trade barriers.

Senator Robert Dole, the chairman of the Senate Finance Committee, made the remarks when he informed Mr Esaki about concern to achieve greater access to the Japanese market for farm products.

In Tokyo, the Ministry of Agriculture, Forestry and Fisheries said that talks would start in October with U.S. on import expansion for U.S. beef, oranges and fruit juice.

EEC plans to halve imports of Soviet consumer goods

BRUSSELS—The EEC Commission has announced proposals for halving EEC imports of a range of goods from the Soviet Union, in protest at the Kremlin's role in the Polish crisis, an EEC spokesman said.

EEC Foreign Ministers agreed in principle on Tuesday to impose such sanctions, although Greece and Denmark expressed some dissent.

The Commission's proposals, which have to be approved by EEC Governments, would affect about 4 per cent of EEC imports from the Soviet Union.

The restrictions will affect nearly 100 types of imports, ranging from caviar and furs to cameras, machine tools, cars and machinery.

Imports of such goods in 1980, the latest full year for which figures are available, totalled around $1bn (£527m).

Import licences issued before a final decision by EEC governments on the proposals will remain valid.

The Commission said it was not publishing a detailed list of the products affected at this stage in order to avoid speculative demand for such licences.

The 50 per cent reduction would be applied both to goods already subject to quantitative import limits and to goods which are currently free of any restrictions. Reuter

John Wyles adds: The European Commission is to review the anti-dumping duty imposed in December 1980 on EEC imports of U.S. polyester yarn.

The move is a response to a request from 14 U.S. companies which provided evidence that their EEC prices are higher than those for the equivalent product in the U.S.

Also the International Rayon and Synthetic Fibres Committee is arguing that the duty ought to be extended to U.S. textured yarn producers.

Bahrain deal worth £184m won by Italy

By Mary Frings in Bahrain

SNAMPROGRETTI is to build and equip a $350m (£184m) ammonia and methanol complex in Bahrain for Gulf Petrochemical Industries (GPIC), a joint venture between Bahrain, Kuwait and Saudi Arabia.

The Italian company won the award in the face of competition from Davy McKee of Britain, Heurty Industries of France, and Mitsubishi Heavy Industries bidding jointly with Toyo Engineering of Japan.

A high bid from Uhde of West Germany, which in October, 1980 signed an agreement with GPIC for the provision of licensed technology, was eliminated at an early stage, but the loss of the main construction contract will not affect Uhde's technical services role.

A lump-sum contract for engineering services and plant construction, worth $80m, was signed in Manama yesterday by Dr Tawfeeq Almoayed, chairman and managing director of GPIC, and Dr Paolo Castiglioni, commercial director of Snamprogretti.

A number of options such as training, construction and commissioning of the twin plants would bring the price to $100m. The major item, worth in the region of $200m, is the supply of equipment.

The contract includes supplier export credit finance for services and reimbursible equipment originating from Italy.

Snamprogretti will be handling all procurement and purchasing activities for the construction of the petrochemical complex. Construction of GPIC's administration building will be the subject of a separate contract open only to local companies.

CONCERN OVER BUSINESS IN MID-1980s

World shipbuilding orders slip

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD shipbuilding orders slipped for the second successive quarter at the end of 1981 as the slow recovery which began in 1979 petered out.

With nearly 60 per cent of the end-December world order book of 35.3m gross tons due for delivery by the end of 1982, shipyards are concerned about business into the mid-1980s.

Latest figures from Lloyd's Register show that total order books have fallen from 36.4m tons at the end of September and 37.5m in June. This compares with the March 1974 peak of 133.4m tons, achieved before the lengthy crisis in the industry.

The bleaker prospects for world yards—only Taiwan, Brazil and the UK among the 10 major shipbuilding nations showed a September-December increase—are borne out by the figures for new orders.

While actual output rose from some 13m tons in 1980 to over 16.5m last year, the volume of orders placed fell by nearly 2m tons to 17m.

Japan, the biggest shipbuilding country, experienced a drop of nearly 750,000 tons in its order book between the third and fourth quarters to 12.7m, though the annual figure for completions was up sharply.

Even its main rival, South Korea, saw its order book diminish, though only by 17,000 tons to just under 3m. Offering prices at least 15 per cent cheaper and willing to quote in dollars, Korea has been more successful than Japan in winning big foreign orders over the past year.

Its Hyundai yard last July landed one of the biggest ever merchant orders, worth $400m for nine container ships and 14,000 containers, from United Arab Shipping Company. More recently, it won a $200m contract to build three roll-on/roll-off container vessels for the Barber Blue Sea consortium, which includes Britain's Ocean Transport.

Another Korean yard, Daewoo, has installed massive new capacity. The industries in Japan and Europe are concerned about such additions at a time when order are flattening. But they can do little beyond trying to persuade Korea through bilateral contacts of the need—in their eyes—to slow down.

Since Korea is not a member of the Organisation for Economic Co-operation and Development (OECD), it cannot be subjected to concerted criticism within that body's regular working party meetings on shipbuilding.

The Japanese point out that labour costs in Korean shipyards are well below their own, though productivity is far less. Since 1978, Korea's order book has expanded four-fold to nearly 3m gross tons.

Of the world tonnage under construction, 9.5m tons, or 58 per cent, is for export. Japan is building 3.8m tons for shipping lines in other countries, which is 69 per cent of the tonnage it has under construction. Korea's export figure is 953,000 tons, or 89 per cent of its total, and Spain's 612,000 tons (60 per cent).

These figures, which exclude ships on which work has not started, illustrate why many shipbuilding countries are concerned that the gradual recovery is not extinguished by yards chasing business at uneconomic prices, especially now the new-order curve is declining again.

While Japan has cut capacity and employment in its shipbuilding industry since the late 1970s, some European industrialists feel that Japanese yards jumped ahead during 1980 in the race for orders to the detriment of the gradual recovery.

They also argue that Japan's capacity cuts were not as drastic as the figures for berth closures might suggest. For their part, the Japanese have strongly countered this view, pointing especially to recent Korean successes and the drop in their own orders.

By far the largest part of the world order book, more than 53 per cent, is for bulk carriers, which attracted a spate of new orders up to 1980 when freight rates were well above current levels. But shipowners are now holding back on new orders as warnings of surplus capacity become more common.

One country which is slowly raising its capacity and skills for world markets is China. It has been reorganising its industry and winning more foreign orders. The Lloyd's figures show that Chinese yards only had 51,000 tons under construction in December, but had yet to start work on a further 531,000 tons, a slight rise from the previous quarter.

Welding in progress at a Belfast shipyard

SHIPBUILDING ORDER BOOKS
(m gross tons)

	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	(Change on 1981 3rd quarter
Japan	6.5	9.3	13.1	12.7	(−0.75)
S. Korea	0.7	1.3	2.5	3.0	(−0.02)
Spain	1.3	1.5	2.2	2.2	(−0.1)
Brazil	2.8	2.5	1.8	1.7	(0.2)
Taiwan	0.5	0.7	1.2	1.4	(0.16)
World total	25.9	28.3	34.6	35.3	(−1.1)

Source: Lloyd's Register

Propane close to rare earths deal with China

By Colina MacDougall

PROPANE of London, mineral importers from China, is formalising an arrangement with the China Metallurgical Import and Export Corporation in Peking to become the sole agent for the import of rare earths from China into the EEC.

A delegation from the CMIEC is in Britain to negotiate the proposed agreement and to visit major end-users, like Chance Pilkington and Thorn Industries.

The market for rare earths, used in advanced industries such as electronics and laser crystals, is expanding rapidly. Preformations (Magnets), users of rare earths, say their consumption of £400,000 worth is growing by 25 per cent a year.

China's reserves of rare earths are estimated to be four times the world total. Present supplies come mainly from Inner Mongolia and are processed in Shanghai.

Gloom shrouds Swiss metals and engineering

BY JOHN WICKS IN ZURICH

THE SWISS METALS and engineering industry is suffering from sluggish world demand and the high Swiss franc exchange rate, according to a report issued by the country's Association of Machinery Manufacturers (VSM).

The market is said to have weakened since last summer and no short-term improvement is expected.

Orders on hand amounted to some SwFr 13.6bn (£3.8bn) at the end of 1981, the 4.4 per cent rise over the year falling short of the inflation rate. In volume terms, work on hand was equal to only 6.8 months' production, with a sharp fall in standing orders recorded for the final quarter by both the textile machinery and the machine tool sectors.

In recent months, export business has been proving more successful than domestic sales, even although results in the fourth quarter benefitted largely from a single major order from Iraq.

Foreign orders increased by a nominal 12.2 per cent over the whole of 1981 and by the final quarter accounted for over 68 per cent of all business.

The VSM says that the industry will be able to hold its own in the near future only at the cost of profit margins. In most cases, the association adds, these have been under pressure for some time. However, the situation is said to be "in no way alarming."

Companies are technologically able to stand up to a tough battle on the markets, and what the VSM calls an accelerated upswing is expected once demand improves.

● Swiss imports of mineral oil and oil products dropped by 11.6 per cent last year to less than 11.2m tonnes, despite 6.7 per cent increase to SwFr 6.88m in pre-customs value.

Within this total, crude oil imports fell by as much as 15.4 per cent to 3.24m tonnes following lower demand by Swiss refineries.

Soccer's cash crisis claims first victim as Hull calls in receiver

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE FINANCIAL crisis in the English Football League claimed its first victim yesterday when Hull City, the Fourth Division club, called in a receiver.

Mr Chris Needler, City's chairman, said the club hoped to complete its fixture list for this season at least and the club, with its ground, would be put up for sale.

Weekly losses have risen from £7,000 to £9,000 and its balance sheet for the year to last April revealed an accumulated loss of £970,000.

That included an overdraft of £700,000, which the club's bankers required it to halve. This was done by a £325,000 loan from Mr Needler himself, who also guaranteed £225,000 of the rest of the overdraft.

Mr Martin Spencer, the receiver, was called in a few years ago to help sort out a financial crisis at Chelsea Football Club, of which he is now chief executive.

Mr Needler said the receiver would restructure the set-up at Hull, create a scaled-down subsidiary company out of the club and its ground and attempt to attract someone to take it on. The existing company would go into liquidation.

Hull has been averaging a gate of 3,000 and slipped into the Fourth Division for the first time at the end of last season.

League club chairmen have just completed a two-day meeting at which they concluded that they had to put their own house in order before adequate amounts of outside money could be attracted into the game.

One estimate puts loans and overdrafts of the 92 league clubs at about £25m. Few have assets in the form of players to cover adequately an increasing burden of debt. Many are immediately vulnerable to any withdrawal of support by the banks.

Bristol City was only recently saved from a fate similar to Hull's following a last-minute deal between its board and several players on the financial terms for ending their contracts.

Darlington has been in the midst of serious financial difficulties and Derby County's severe debt problems appear to be reaching a head.

The Football Association said it believed Hull was the first professional club to call in a receiver. The only club to collapse in mid-season since the war was Accrington Stanley in 1962. Bradford Park Avenue also went broke but went into liquidation only after it had completed its professional programme.

Invincible sale row in Britain and Australia

By Bridget Bloom, Defence Correspondent

THE Government's decision to sell HMS Invincible, Britain's newest aircraft carrier, to Australia has caused a storm of protest among British and Australian MPs.

The sale of the 19,500-ton vessel at the "bargain" price of £175m is likely to go ahead in spite of the protest, however, with delivery scheduled for the end of next year.

The sale, which has been under negotiation for months, was announced yesterday in Canberra and was confirmed by the Ministry of Defence in London.

Nearly 40 Conservative backbench MPs tabled a motion earlier this week calling for the sale to be halted.

Although there is deep unhappiness among Tory backbenchers, the protests yesterday on the floor of the House were more muted than expected.

In Canberra, the purchase of Invincible, which is to become the flagship of the Australian Navy, was criticised by some Labour MPs as unnecessary and by others as being the wrong choice.

Mr Bill Hayden, Labour opposition leader, repeated that a future Labour Government would sell it.

Britain has decided to sell Invincible, one of a class of three anti-submarine warfare (ASW) vessels, primarily for financial reasons: the Navy is bearing the brunt of defence cuts announced in last June's Defence Review.

The Ministry of Defence yesterday emphasised that the sale, with a £90m payment in this financial year and the remainder in 1983-84 would enable the Government to order more ASW frigates.

The Ministry also hopes that the deal will lead to more Australian defence purchases. Australia has recently been preferring U.S. defence equipment.

British critics of the deal see the loss of Invincible as weakening the Royal Navy's anti-submarine capability in the North Atlantic in the face of a growing Russian threat in the area.

The Government says that HMS Hermes, which was to have been phased out next year, will now be kept on for a further two years until Invincible's sister ships Ark Royal and Illustrious are commissioned.

Critics claim that Hermes, whose retention costs must be offset against the revenue from the sale of Invincible cannot be an effective replacement for Invincible.

Following the June Defence Review, the Navy has a list of some 20 warships which must be sold or otherwise disposed of over the next two years.

British Gas set to make profits of over £300m

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS CORPORATION, which yesterday announced details of a 23 per cent rise in domestic gas prices, is set to make a current cost operating profit of well over £300m in the present financial year.

In addition, the corporation expects to hand to the Government a levy of £420m, in essence a windfall tax reflecting the low price paid by British Gas for some of its established North Sea supplies. This levy is treated as a cost by British Gas.

It is understood that the State corporation is on course to meet the Government-set financial target of a 3.5 per cent return on current cost assets.

In 1980-81, the last financial year British Gas exceeded this target and made an operating profit of £381m, a 4 per cent return on assets worth £9.5bn.

British Gas has still to calculate the financial effects of a complex supply pattern during the past 11 months. Domestic sales went up because of the cold winter.

On the other hand, industrial sales have been hit by the recession and by supply interruptions because of the need to meet peak demand from domestic and commercial customers in the past few months.

Even so, it seems that most of the profits have been generated from sales to commercial and industrial customers.

Mr John Moore, Parliamentary Under-Secretary of State for Energy, said yesterday that British Gas would "barely break even" on domestic sales during the present financial year.

He was commenting on the corporation's announcement that domestic prices are about to rise again: by 12 per cent on April 1 and a further 10 per cent on October 1.

The rises—bigger than British Gas had originally wanted—follow a directive from the Government that over the three years 1980-83 domestic gas prices should rise by 10 per cent annually in real terms.

British Gas said yesterday that customers living in a typical three-bedroom semi-detached house, using gas for central heating and hot water, would find their bills rising by an average of 58p a week in April and a further 53p a week in October. As a result, the annual bill for such a home would run at about £307.60 a year.

The National Gas Consumers' Council attacked the latest price rises. It said: "The council has argued for several years that the present government policy—of forcing gas prices up and creaming off the resulting profits—is an unfair burden on consumers." Rises should be "no more than is required for the efficient operation of the industry."

Mr Moore said that domestic prices were being forced up partly to reflect the rising cost of North Sea supplies and partly to bring rates more in line with those paid by industry.

He said that, even with the latest increases, domestic gas prices were cheaper in real terms than they were in 1970. Domestic gas prices were now about 45 to 60 per cent cheaper than competitive oil or electricity prices. Even after the April 1 rise, domestic gas would be 40 to 60 per cent cheaper than oil or electricity.

Judgment on ACC bids expected on Monday

By Raymond Hughes, Law Courts Correspondent

NINE DAYS of legal argument provoked by the bitter takeover battle for Associated Communications Corporation ended in the Court of Appeal yesterday. Judgment is expected on Monday.

The three judges have to answer two questions about the conduct of ACC's directors in relation to the first offer for ACC made by Mr Robert Holmes à Court's Bell Group:

● Did the directors breach one of ACC's articles of association by accepting the offer at a price that did not conform with the pricing formula laid down in the articles?

● Did the directors act in breach of duty by entering into irrevocable commitments to transfer their own ACC voting shares to Mr Holmes à Court?

The judges' answers to these questions could decide the battle for ACC between Bell and the Heron Group. Bell has made parallel offers of £36m and £46.6m; Heron has raised its original £46.6m bid to £49.4m.

It has been agreed that the court's ruling on Heron's appeal against the High Court's refusal to make temporary orders preventing the directors transferring their shares to Mr Holmes à Court will be a final order, avoiding the need for a full trial later.

Summing up Heron's case, Mr Peter Curry, QC, said the directors' breach of duty lay in their failure to give proper consideration to Heron's original offer.

Six events made up that breach, he said:

● On January 9 the directors accepted a five-day deadline imposed by Mr Holmes à Court for acceptance of his offer, and did not look for an alternative solution to ACC's problems.

● Not until January 13 did the directors contact Heron about the latter's approach two days earlier.

● They decided to accept the Bell bid without even seeing Heron's representatives.

● When they did meet Heron they gave it only 30-40 minutes to make up its mind whether to buy "a pig in a poke."

● They used an asset of ACC—an agreement with the Independent Broadcasting Authority—to help Mr Holmes à Court.

● By committing themselves to Mr Holmes à Court they shut out all other offers for ACC.

CEGB orders digital Telecom services

BY GUY DE JONQUIERES

THE Central Electricity Generating Board has become the first major customer for the digital communications services announced by British Telecom last month.

The order is the opening shot in the battle for the newly-competitive market for advanced business transmission services, which will pit British Telecom against the independent Mercury communications system to be built by a consortium led by Cable and Wireless.

Mercury is not due to start operating until the end of the year and its service will be limited initially to the City of London. Sir George Jefferson, British Telecom's chairman, said yesterday the CEGB order showed that this organisation could sell digital services now and provide them against demanding deadlines.

The CEGB, one of the country's biggest users of domestic telecommunications services, has also held talks with Mercury's backers. It may decide to use the independent system as well as British Telecom in the future if Mercury offers suitable terms.

The order with British Telecom is for 11 high-capacity transmission links, to be leased for £300,000 annually. The links, due to enter service in a year's time, will radiate from a central exchange in London and will cover about 1,000 miles.

The circuits will form the backbone of a nationwide private network which the CEGB is installing at a cost of more than £10m. It will connect the board's headquarters in London, its regional and divisional offices, the London Electricity Council, area electricity boards and one of the two Scottish boards.

The network will at first carry only voice messages between the different offices, which will also be able to dial into the British Telecom public telephone system. It will be extended later to carry computer data used to control the national grid.

Digital transmission provides faster and more efficient service than the older analogue technology still in use in most of Britain's telephone network. It also makes it technically easier to send computer data across the same circuits used for telephone communications.

Plant will produce fuel from used tyres

By Lorne Barling

THE WORLD'S first commercial scale plant to produce oil, solid fuel and scrap steel from used tyres is to be set up in the West Midlands at a cost of about £6m. It will be backed by the Department of Industry and the European Community.

The plant, which will use about 50,000 tons or 5m car tyres a year, will operate "pyrolysis" technology developed by Foster Wheeler Power Plant of the UK, which will hold a 17.5 per cent interest in the venture.

It will be operated by Leigh Interests, the Wolverhampton-based waste processing company, which will also hold a 17.5 per cent share in the new company, to be called Tyrolysis.

Mr Ken Griffiths, managing director, said the plant would be at full capacity by 1984, producing 20,000 tons of light fuel oil a year, 17,000 tons of coke-like solid fuel and 7,000 tons of scrap steel.

"We have done some pilot marketing of the products and they have proved to be entirely acceptable."

Foster Wheeler and Leigh are each providing £550,000 in capital for the company. A further £4m has been raised through a private placing by L. Messel, in which Equity Capital for Industry, ICFC and County Bank are the biggest shareholders.

The Department of Industry has provided £1.1m and the EEC development fund £1.3m.

Arts Council post for Rees-Mogg

THE chairman of the Arts Council of Great Britain will be Sir William Rees-Mogg, editor of The Times from 1967 to 1981.

He will succeed Mr Kenneth Robinson whose term of office expires on April 30. Sir William's appointment will run until March, 1987.

Sir William is vice-chairman of the BBC and proprietor of Pickering and Chatto, the antiquarian booksellers.

Benn warns of microchip 'threat'

THE microchip could cause unemployment, social disruption and "tyranny in the guise of liberation," Labour MP Mr Tony Benn said in a film released yesterday.

"The people who are displaced by the new technology become unemployed, they have to be paid for out of taxation, and society then moves towards the social disruption that comes from high technology," he said in the film, New Technology—whose progress? made by a group called Education Media.

Police authority chief urged to quit

LADY MARGARET SIMEY, the controversial 76-year-old chairman of Merseyside Police Authority was urged to resign yesterday by the chairman of Merseyside Police Federation, which represents 4,500 police.

Mr Fred Jones said remarks made by Lady Simey earlier this week, to a Home Affairs select committee, undermined the work of Merseyside police. Lady Simey had said a police officer "not a member of the Merseyside force" had sought vengeance after she had complained about the officer.

UK cigarette sales drop

THE UK tobacco industry yesterday criticised a report from the European Commission which suggested that cigarette consumption in the UK had risen over the past decade.

Total UK cigarette sales in 1970 were almost 128bn, while last year sales fell to about 110bn.

Warning on post sorting switch

THE mechanisation of postal sorting would fall two years behind schedule through lack of funding, Mr Ron Dearing, Post Office chairman, said yesterday.

Next year the Post Office will have to repay £25m Government loans. The mechanisation programme is at the half-way stage, with 47 of the planned 84 sorting offices in operation.

Oil exports soar ahead of imports

BY MAURICE SAMUELSON

BRITAIN IS now firmly established as an oil exporting country, with last year's shipments far outstripping imports for the first time.

The monthly Energy Trends, published by the Energy Department yesterday, revealed a 34 per cent increase in exports of North Sea oil last year and a 21.2 per cent drop in imports. Exports reached 51m tonnes from 38m tonnes in 1980. Imports fell in the year from 46m to 36m tonnes.

The figures reflect rising output in the British sector of the North Sea combined with flagging domestic demand caused by the recession. While production rose 11.1 per cent, home demand for petroleum fell by 4.2 per cent on a primary fuel input basis.

Over the year the UK's energy consumption dropped to the lowest level since 1968, to stand at 315.9m tonnes of coal equivalent, 3.7 per cent less than in 1980.

Coal production, from November 1981 to January 1982, fell 4.4 per cent to 31.3m tonnes. Gas supplies in the same period rose 6.5 per cent; this included a 15.9 per cent increase in the amount landed from the Norwegian sector of the Frigg field (which accounted for about 30 per cent of supplies).

Prices, on the other hand, continued to rise. Oil and motor spirit prices rose by 21 per cent over the 1980 level.

Britain suffers biggest tourism deficit

BY ARTHUR SANDLES

BRITAIN suffered its biggest tourism deficit last year as UK residents flocked abroad for their holidays and the number of overseas visitors to the country dropped.

The British spent £243m more abroad than the country earned from tourism, compared with a profit of £233m in 1980 and nearly £1bn in 1978. The only other deficit since 1967 was of only £1m, in 1973.

While 19m Britons went abroad last year, an increase of 9 per cent, only 11.54m visitors came to the UK from overseas—a fall of 7 per cent.

Provisional Department of Trade figures show that the number coming from North America rose by 3 per cent, but that there was a rise of 8 per cent in the number of UK residents crossing the Atlantic for their holidays.

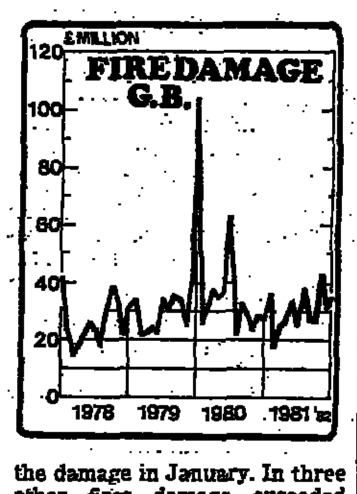
Overseas visitors spent £3bn in the UK, while UK residents spent £3.3bn abroad.

In December 1981, 610,000 visitors came to the UK, a fall of 5 per cent on the previous December, and 750,000 British went abroad, a 9 per cent rise.

Sir Henry Marking, chairman of the British Tourist Authority, said the figures had held up well in spite of last year's bad weather and transport problems. Traffic had improved markedly since the summer.

Fire damage costs rise

BY ERIC SHORT



FIRE DAMAGE costs appear to have resumed their upward trend, according to the latest figures from the British Insurance Association.

Damage in January cost £34.7m, over £4m higher than in December and £6m above January last year. This is the third successive month in which costs have been higher than the same month of the previous year, after several months when costs dropped.

Total fire damage in 1981 fell considerably on costs for the previous year after several years when costs climbed steadily.

The big fire at an Army depot in Hereford, costing £3.5m, accounted for 10 per cent of the damage in January. In three other fires damage exceeded £1m in each case.

Cost studies at shipyard

BY OUR BELFAST CORRESPONDENT

TWO TEAMS of independent consultants have been called in by Harland and Wolff, the State-owned Belfast shipyard, to advise on how to reduce operating costs.

P. A. Management Consultants and A. and P. Appledore have been asked to report to the company's board in three months. PA will examine administrative and organisational practices and Appledore will advise on shipbuilding methods.

The company said yesterday it particularly wanted to find ways of reducing the physical layout of the shipyard.

The three-month study period does not necessarily mean that redundancies will be delayed. Dr Vivian Wadsworth, chairman, has indicated that several hundred jobs will have to go this spring.

Harland and Wolff is desperate for new work and is awaiting confirmation of its hopes of winning a 170,000 tonnes bulk carrier from British Steel.

Demand for rare wines

BY EDMUND PENNING-ROWSELL

BY ANTONY THORNCROFT

SALEROOM

CHRISTIE'S first Fine and Rare wine sale of the year yesterday showed that there is no lack of demand for rarities and leading wines of top vintages.

Among the rarities, a single bottle of Mouton-Rothschild 1873 fetched £145 and one of the same chateau's 1899 made £135, while a bottle of Latour 1893 reached £155.

Single bottles of Latour '28 and '29 brought £140 and £155 respectively. Two bottles of Lafite '45 reached £310 and six of the '49 made £360. Later, six bottles of the celebrated Cheval-Blanc '47 went for £620 and six of the less renowned '49 fetched £400.

But it was the '61s that made London saleroom records: Lafite £1,200 a dozen, Latour £950, Ducru-Beaucaillou £460, Lynch-Bages £330 and Montrose £320.

The best bargains were a big spread of excellent French-bottled, single vineyard '69 and '70 burgundies at prices ranging from £84 to £135 a dozen.

Technicolor launches micro-video system

Raymond Snoddy reports on a low-cost challenger in the home movie market

WITH the aid of a parrot and the television dancing group Lipstick, Mr Freddie Grey, managing director of Technicolor (UK), yesterday launched a micro-video cassette recorder.

The new Technicolor miniature video system uses a ¼-inch tape almost the same size as a conventional audio cassette, and a 7 lb portable video recorder.

It should cut by some 75 per cent the cost of making a seven-minute 8mm film, at present about £10,000.

Tapes last 30 or 45 minutes, so that the system is aimed mainly at the home movie market. A two-hour tape will be available in summer, however, and Technicolor hopes it will then be able to compete in the mainstream video market.

Mr Ron Sulkin, managing director of Sulkin (UK), which is marketing the video system in Britain, expects to sell 10,000 this year and double that next year. The camera and recorder will cost £1,200, and will be in the shops in a month.

Grundig is believed to be putting a similar system on the market soon, based on a variation of the work of the Japanese inventor who holds the patent for techniques involved in the Technicolor system.

Technicolor says it has produced the lightest, smallest and simplest video system in the world, ready to take over from 8mm sound film in an "image retention market" which is about to boom.

According to the company's demonstration, home video filming can now be done while skydiving or roller skating as well as while getting married. Dancers can carry the equipment while putting on a routine, without showing obvious signs of tiredness. Parrots can be recorded on cassette without losing their colour.

Mr Jack Minor, president of Technicolor Audiovisual of California, said sales of the micro-video on the continent were 10 times higher than in the U.S. and he expects similar results for the UK.

Although the Technicolor microvideo equipment is Japanese, both tape and battery are produced in the U.S.

The company has already produced the prototype of an integral video camera and recorder, which Mr Minor hopes can be bought on to the market in 1985.

Hitachi, Matsushita, JVC, Philips and Sony have agreed outline specifications for another such integrated mini system to be marketed in 1984.

Technicolor says its new microvideo offers instant replay of filmed material through the video camera's integral mini TV screen, allowing unwanted footage to be erased. Material can also be played back instantly in colour and sound through an ordinary television screen, but a tuner is required to record television programmes.

Material recorded on the Technicolor system can be simply transferred on to VHS, Betamax or Video 2000, the three main video systems.

Talks to be renewed on De Loreans for Budget

By John Griffiths

SIR KENNETH CORK, De Lorean Receiver, is to hold further negotiations with Budget Rent-A-Car on the possible sale of 2,000 De Lorean sports cars to the car rental company. They would be added to its 100,000 vehicle U.S. hire fleet.

Sir Kenneth rejected an initial approach from the company on Tuesday, saying that the price being offered was not enough.

If a deal can be agreed, it would provide a major boost for Sir Kenneth's efforts to keep the De Lorean venture in business.

Budget is interested in acquiring 1,000 cars immediately and the remainder over 12 months. At the $25,000 (£13,660) list price, this would represent an immediate injection of £13.5m and a similar amount later. Budget clearly is expecting a discount but yesterday stressed its interest in the cars was serious.

Mr Bob Front, its European president, said: "We have an agreement that Sir Kenneth wants to sell and we want to buy." He refused to confirm Belfast reports that Budget had offered £20m for the cars—or $18,000 each—declaring that "we don't want to embarrass Sir Kenneth by negotiating the price in public."

An order for 2,000 cars would take care of more than half the cars in the supply pipeline between the Belfast plant and the 350 U.S. dealers' showrooms. It would also provide desperately needed cash flow in the few remaining weeks until the spring selling season is expected to begin.

Sir Kenneth is due to return from the U.S. today after two days of talks with potential investors in the company. He is seeking £40m-£50m in extra finance.

RHM claims lead in food from fungus

BY DAVID FISHLOCK, SCIENCE EDITOR

A DECISION is near on a £20m investment by Ranks Hovis McDougall on a new food made by biotechnology, Prof Jack Edelman, RHM's director of research, told a new-technology investment conference in London yesterday.

Prof Edelman said at a conference on investing in biotechnology, organised by Investment and Property Studies, that he believed RHM had a five to seven year lead over other food companies because of the trouble it had taken to get government approval for its new protein.

The protein, mycoprotein, is produced from plant starch in the form of a fibrous edible fungus. It can be used to make palatable imitations of chicken, veal, ham and other high-protein foods.

Prof Edelman estimated that RHM had spent almost £30m, costed at today's prices. To bring its process to a stage where the development programme — involving 30-40 people at the High Wycombe laboratories — was almost finished.

Much of the cost had been absorbed by toxicity and nutritional studies to satisfy the Government on safety. The next step would be a demonstration plant, producing 1,000 tonnes of Mycoprotein a year, says Prof. Edelman.

It would cost about £1.5m and would be built alongside the 50-tonne pilot plant.

One tonne of mycoprotein could be converted into 20 tonnes of food products. But the critical investment decision would be the commercial plant, producing about 30,000 tonnes a year of the raw material—the optimum size, he said.

Prof. Edelman warned bankers and investment analysts of the long time scale involved. It was 18 years since Lord Rank, then chairman of RHM, made the first investment decision.

Lord Rank had taken "the farsighted view" that RHM must start with a feedstock that was edible, in contrast to the protein-from-oil processes, and that texture would be more important than either flavour or colour.

The original target had been a technology making protein for the Third World, but in the 1970s it became clear that until it was established in the West poorer countries would not accept it.

RHM's laboratory canteen had served over 5,000 meals based on microprotein. "A surprisingly large proportion now choose them when they are available," said Prof. Edelman.

Dr Ralph Hardy, director of Du Pont's $200m (£108.99m) a year research programme in the life sciences, warned the conference that it would probably be the 1990s before the new biotechnologies based on genetic engineering made significant commercial impact.

The first impact would come in health-care products. In 1979 Du Pont became the first U.S. chemical company to launch its own research programme in genetic engineering, he said.

Dr Hardy said there was no evidence of anyone becoming ill through genetic engineering. He believed that within five years the industry would have a surplus of people skilled in genetic engineering—"cloners," as he called them—but a deficit of bio-engineers skilled in fermentation technology.

Interferon 'clears colds'

BY DAVID FISHLOCK, SCIENCE EDITOR

HIGHLY PURIFIED interferon, produced both from natural cells and by genetic engineering, appears to prevent the common cold when sprayed up the nose.

This is the conclusion of medical researchers from initial trials on 41 volunteers at the Medical Research Council's Common Cold unit at Salisbury.

In an address to the Royal Society in London yesterday, Dr G. M. Scott reported that both types of interferon completely prevented colds in all volunteers tested.

The natural interferon had been obtained from Helsinki and highly purified by new British techniques at Cambridge.

The genetically engineered interferon had been supplied by the laboratories of Biogen, the Geneva-based genetic engineering company, in collaboration with the U.S. drug company Schering-Plough.

Dr Walter Gilbert, chairman of Biogen, said that Schering-Plough planned to launch initial trials with its interferon on about 15 different diseases this year. Each trial would involve about 30 patients, in some cases terminally-ill patients. It will be tested on several different cancers, multiple sclerosis, hepatitis, shingles, and virus diseases of the lung and eye.

Biogen would be spending at the rate of about £10m a year on its genetic engineering research programme by the end of the year.

UK NEWS

Top GLC officials back cheaper fares campaign

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE campaign by Mr Ken Livingstone, the Labour leader of the Greater London Council, to persuade the Government to change the law on transport subsidies, was backed in public for the first time yesterday by top permanent officials of the GLC, led by Sir James Swaffield, the director-general and clerk to the council.

Until yesterday, Sir James and his permanent officials had remained discreetly apart from Mr Livingstone's campaign.

Yesterday, Sir James was joined by Mr Maurice Stonefrost, the GLC comptroller of finance, Miss Audrey Lees, the controller of transportation and development, Mr John Fitzpatrick, the director of administration and the solicitor to the council, and Sir Peter Masefield, the chairman of London Transport, at a Press conference at County Hall, the GLC headquarters. They spelt out the consequences of the Law Lords' judgment in December, which outlawed the GLC's "fares fair" policy, and urged the Government to change the law to make higher subsidies legal.

The policy, which cut fares on LT by an average of 32 per cent last October, comes to an end on March 21. Fares will then rise by an average of 100 per cent, and "London will get the most expensive urban public transport system in the world," Sir Peter said.

The cut of 32 per cent had brought bus and tube fares down to "precisely the same level of the fares that were in force in 1969 when the Transport (London) Act, governing the way GLC can aid LT, was passed," Sir Peter said.

The cut in fares had generated 7 per cent more passenger traffic on the tube trains and 12 per cent more on the buses. This compared with a loss of 2 per cent of passenger traffic every year for the past 20 years, Sir Peter said.

The fare cuts had also cost London Transport about 20 per cent of its revenue compared with the same period 12 months ago. This loss was £140m in a full year, but LT had lost £65m because the "fares fair" policy would have run for only six months by the time it ends next month.

LT expects that when fares double in three weeks time 18 per cent of passenger traffic will be driven away from the buses and tubes. The new fares will be twice those offered by urban transport authorities in Paris and Amsterdam, Sir Peter said.

Mr John Fitzpatrick, the GLC solicitor, said the Law Lords' ruling had made two things "eminently clear." There was now a pressing need for a clarification of the GLC's rights to make grants to LT. And changes had to be made to overcome the differences that now existed between the laws affecting the GLC transport operations and those affecting other local authorities.

Sir Peter Masefield called for two specific changes. He said that section five of the Transport (London) Act 1969 covering the GLC's requirement to provide services that "best meet the needs of Londoners," had to be clarified and so should section 7 about the need for LT to break even.

Mr Maurice Stonecroft, the GLC finance controller, pointed out that the government policy of penalising local authorities for spending above government-set targets, had the affect of almost doubling last year's supplementary rate over the level needed to pay for the low fares.

Air traffic rose 5.2% last month

By Michael Donne

The recent increase in UK air traffic continued last month, when the seven airports owned by the British Airports Authority handled 2.9m passengers, 5.2 per cent more than in the corresponding month last year.

This is regarded as a particularly good result, in view of the harsh weather earlier in the month, which caused some loss of traffic.

The rail dispute later helped to boost air traffic, although it prevented some passengers from reaching Gatwick Airport, where the 12.3 per cent rise in traffic would have been 15 per cent other wise.

As a result, domestic traffic out of Gatwick fell by 4 per cent and that to the U.S. by 7 per cent. But holiday charter traffic from Gatwick grew by 20 per cent.

At Heathrow, passenger traffic rose by 3.6 per cent to 1.92m, with domestic traffic gaining 12 per cent (because of easier underground rail connections to Heathrow), U.S. traffic gaining 3 per cent and other long-haul routes 7 per cent.

Cargo traffic also improved in January, by about 3.2 per cent, to 48,300 tonnes.

'Too dear' to stop Concorde aid

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CANCELLATION OF public support for Concorde would be more costly than to continue funding the project with taxpayers' money, the Department of Industry has told MPs.

Department figures, published in the report of the Commons Industry and Trade Committee, estimate that continuing public support would cost £5.9m over the five years to 1986-87. Cancellation would cost £34.2m over the same period, mainly due to severance payments on contracts for the provision of spares for the aircraft.

Both sets of figures have been revised down substantially since the beginning of last year, when the cost of continuing support over the five years was estimated at £56.7m and the cost of cancellation £47.5m.

The department says the cost of continuing support is reduced by including anticipated surpluses on British Airways' Concorde operations.

But the Commons committee is suspicious of the projected surplus. And in a strongly-worded report it says it is "still dissatisfied" with the Government's efforts to reduce the amount of public money spent on Concorde, inspite of reductions made already.

It reiterates criticism made in its earlier report last year, that Concorde had acquired "a life of its own and was out of control." It stresses: "Much more effort still needs to be made to ensure that the British taxpayer does not have to provide more money

The committee also wants a more equitable sharing of costs with the French partners in the venture. The imbalance "has been and still is very much in favour of the French."

In its evidence to the committee, the Department of Industry says that if public funds for Concorde were withdrawn, the aircraft may have to stop flying unless the airline and the manufacturers, British Aerospace and Rolls-Royce, agreed to bear the support costs.

British Airways has seven Concordes which fly regularly between London and New York and Washington.

The airline estimates that its Concorde operations will make surpluses of £5.4m in 1982-83 and £7.4m each year thereafter until 1986-87—a total of £35m.

By including these estimated surpluses in total Concorde costs, the burden on public funds is substantially reduced.

But the Trade and Industry Committee is highly suspicious of this action as well as of the projected surpluses.

Its report says: "We doubt whether a future British Airways' surplus on Concorde can be described as public funds, despite the efforts of departmental witnesses to persuade us to accept that view."

The committee is also critical of views expressed by Mr Norman Lamont, Minister of State in the Industry Department, who said the British Airways' surpluses "are subject to the uncertainty of the market. They have to be tested."

An "imbalance" in favour of the French partners in sharing costs of the programme is attacked by the MPs who call for extra Government action to correct this.

In its earlier report, the committee had said: "Since the UK has borne more than 50 per cent of the costs so far (over £800m) and the estimated future costs show a widening disparity, we recommend that renewed efforts be made to secure equal sharing with France of the costs incurred to date and, if the project is to continue, to secure that future costs are also shared equally."

The committee is critical of the delays in settling this issue.

The Government is urged to draw up, in agreement with the French, figures showing the balance of advantage for or against continued use of public funds for Concorde.

Second Report from the Industry and Trade Committee (1981-1982): Concorde; Commons Paper 193, SO, £3.20.

RELATIVE COSTS OF CONTINUING AND CANCELLING GOVERNMENT CONTRACTS FOR CONCORDE IN-SERVICE SUPPORT

£m at constant September 1981 economic conditions

Period	Costs of continuation			Costs of cancellation			
		British		Contractual		Other	
Financial year	Net project expenditures	Airways surpluses	Net total	costs/receipts(+)	Severance costs	PSBR costs/savings(+)	Net total
1982-83	17.6	(+) 5.4	12.2	10.4	14.5	5.5	30.4
1983-84	9.1	(+) 7.4	1.7	(+) 0.3	Nil	4.0	3.7
1984-85	6.8	(+) 7.4	(+) 0.6	(+) 0.3	Nil	1.9	1.6
1985-86	3.5	(+) 7.4	(+) 3.9	(+) 0.3	Nil	(+) 0.5	(+) 0.8
1986-87	3.9	(+) 7.4	(+) 3.5	(+) 0.2	Nil	(+) 0.5	(+) 0.7
Present Totals	40.9	(+) 35.0	5.9	9.3	14.5	10.4	34.2
Previous Totals	85.0	(+) 28.3	56.7	(+) 8.2	19.8	35.9	47.5

Brewers expect 2% fall in beer output

BY GARETH GRIFFITHS

BEER PRODUCTION in the UK is likely to decline further this year, falling by 2-3 per cent against 1981. The market should level out next year, the Brewers' Society said yesterday.

A panel drawn from across the industry has produced estimates for 1982 and 1983 but refused to make longer-term forecasts. This uncertainty reflects the industry's confusion over beer demand.

Brewers are pinning their hopes for a recovery in demand on a rise in real disposable income. The prediction for a levelling-out of demand in 1983, with perhaps a 1 per cent rise, is based on an assumption that the economy will show some signs of recovery in late 1982

The UK beer market totalled 38.7m bulk barrels in 1981, a fall of 4.9 per cent compared with 1980. The Brewers' Society said beer production in the UK last year at 37.7m bulk barrels, was lowest since 1973 and was 8.5 per cent lower by volume than the peak production of 1979.

Mr Derek Palmar, chairman of Bass and of the Brewers' Society, said yesterday that it would take time for the beer trade to benefit from a recovery in the economy.

Mr Palmar said the number of licensed outlets grew substantially over the past 10 years. The total, including public houses, clubs and supermarkets, rose from 146,000 in 1971 to 174,000 in 1980. Non-public house outlets numbered about 100,000.

Meanwhile, the Campaign for Real Ale yesterday published its annual Good Beer Guide with a call for greater flexibility in public house opening hours. Mr Roger Protz, the guide's editor, said that the "nanny knows best" attitude of public house hours was out of date.

Camra is concerned about the condition of public houses. "It is a fair bet that 20 of the 6,000 public houses mentioned in the guide will be due for demolition in 1982, another 20 will be boarded up or transformed into a house, shop or office, and 200 will have been altered so drastically that they would not be recognisable."

Good Beer Guide, £3.95, published by the Campaign for Real Ale, 34 Alma Road, St Albans, Herts.

'Spirit of competition' in Levi Strauss tab move

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

LEVI STRAUSS moved yesterday to defuse the controversy surrounding its application for a trademark on labels sewn into clothing.

It said the application had been made "in the spirit of fair competition." The company added that it "encourages all its competitors to seek to distinguish their products by means of their own unique and distinctive marks.

"Only in this manner can manufacturers hope to compete freely and fairly and can consumers hope to distinguish among products with clear knowledge of who manufactures them."

The U.S. manufacturer has antagonised the British clothing industry by attempting to extend its trademark on the tab sewn into the left-hand seam of a pair of its jeans into what the industry consider to be a trademark covering all labels. It has aroused further opposition by considering an extension to cover all clothing and shoes.

The original trademark, covering five colours—red, orange, white, black or blue—was granted in 1972.

In 1977, Levi Strauss filed a further application, trademark application number 1,084,867, concerning "labels respectively coloured in red, orange, white black or blue sewn into the seam or flap of a pocket." This is still being considered.

The clothing industry is concerned that this second application would exclude any other manufacturer from using a tab in these colours in any garment. Levi Strauss said yesterday that this application was quite specific and related to "shirts, blouses, skirts, jackets and trousers."

Expulsion for car dealer

BY JOHN GRIFFITHS

THE MOTOR Agents Association, representing most of the UK retail motor trade, has expelled a former Yorkshire Toyota dealer for selling cars which had been "clocked" (had their mileometers turned back).

Mr Stewart Longbone, managing director of Richard Jordan Motors of Bridlington, was jailed for six months under the Trade Descriptions Act last September. Toyota cancelled the company's franchise.

This is the first expulsion for such an offence this year, although another trader is expected to face the association's disciplinary committee soon for similar reasons.

The association says fewer "clocked" cars have been sold since a spate of publicity about prosecutions last year.

It wants the Act changed to give wider powers of prosecution. At present, it is not an offence to turn back a mileometer, only to sell a car on which this has been done.

Wheel clamp plan opposed

BY JOHN GRIFFITHS

BRITAIN'S motoring organisations, the RAC, AA and Royal Scottish Automobile Club, have together condemned the proposed use of wheel clamps on illegally parked cars.

Mr David Howell, Transport Secretary, is considering legislation to let the police immobilise vehicles with the clamps and release them on payment of a substantial charge.

The organisations' joint standing committee yesterday said their use would merely prolong an obstruction, and be regarded as an unreasonable and potentially dangerous method of enforcement

It said this would prejudice police-public relations, and called instead for better parking facilities in towns and cities.

The clamps—invented in the U.S., where they are called Denver Boots, after the city in which they were first used—were likened by the committee to "man traps used in the old days to catch poachers."

UK NEWS — PARLIAMENT and POLITICS

Suicide and scandal in the Commons of 1600

WEIGHING 11½ lbs and running to 2,000 pages, the latest section of the official history of the House of Commons appeared yesterday after nearly 30 years in the making.

The author of the three bulky volumes, which cover part of the Elizabethan period 1558-1603, is Mr P. W. Hasler, general editor of the history, who was backed up by a formidable team of 42 contributors and researchers.

The work is produced by the History of Parliament Trust and is published by Her Majesty's Stationary Office at £95. Needless to say, at this price the main customers are expected to be libraries in the UK and the U.S.

For the first time a computer was used to compile the elaborate series of tables which give detailed background on the MPs of the period. Reading through the statistics one almost gets the feeling of being able to work out what a particular member had for dinner on a certain day.

The mine of information includes a breakdown showing which universities or inns of court members attended, the number of Catholics and where they were educated, married members and what social class their wives came from, ages of MPs, family background, religious affiliations, subjects on which they spoke and committees they attended.

Although the scholarship is impeccable the great tomes also provide a remarkably racy read and will be invaluable not only to historians but to writers of historical fiction.

There are 2,668 biographies of Elizabethan MPs which, taken together, provide a colourful tapestry of a violent age.

There is a long piece on Sir Francis Walsingham, who, apart from being Queen Elizabeth's spy master, was successively MP for Bossiney in Cornwall, for Lyme Regis and for Surrey.

From an early stage he was doing intelligence work for William Cecil, the Lord Treasurer, advising him—in terms that any modern government would recognise: "There is nothing more dangerous than security."

Unfortunately he did not endear himself to the Queen, who had a personal antipathy towards him and his "gloomy prophesies." He was definitely a nag.

"I would to God Her Majesty would be content to refer these things to them that can best judge on them as other princes do," he complained.

On another occasion he griped that there was no counsellor in her service "who would not wish himself in the furthest part of Ethiopia than to enjoy the fairest palace in England."

And again: "For the love of God madame, let not the care of your diseased state tarry any longer on deliberation."

No wonder Queen Elizabeth finally lost her temper and threw a pair of shoes at his head.

There is also a colourful "rogues gallery" of members. This includes one Thomas Chatterton, cattle thief and poacher, Thomas Fitzherbert (sic) who murdered his wife by poisoning, and William Gardiner, "a false forsworn knave" who swindled his father and the Exchequer and then fled abroad.

There was also John Killigrew II, who was not only a vice-admiral but a pirate and smuggler as well. Hardly surprising when he was the son of another member, John Killigrew I who was a cattle thief, pirate, smuggler, piracy commissioner and a justice of the peace.

Sexual scandal was not unknown. Lady Agnes Bulkeley figured in one of the most sensational trials of the day accused of murdering her husband, Sir Richard, who was an MP.

It was claimed that she committed adultery with "one William Kenrick who did used to walk under the said Agnes—her window in the night time, playing upon an instrument and make love to her when Sir Richard was from home in parliament."

But at the end of the day she was acquitted by the Court of Arches.

Life for MPs was dangerous and uncertain. Three members died as a result of duels and four by suicide, although one of the suicides, Sir Henry Percy, was widely believed to have been secretaly disposed of in the Tower because he was an ebarrassment to the authorities.

There were many features which a present-day parliamentarian would recognise. There even seems to be the beginnings of a "law and and order" lobby with one member vehemently complaining that there should be a more painful method of execution than the customary hanging, drawing and quartering.

Then, as now, there were the Commons ranters. One MP died "by the rupture of a vein while making a vehement speech on the evil of purveyors."

John Hunt

Amersham row prompts review of tenders

BY IVOR OWEN

IN THE WAKE of the profit-taking by new issue speculators on the shares of Amersham International the Prime Minister indicated in the Commons yesterday that more consideration is likely to be given in future to the use of tenders to dispose of state assets.

Mr Michael Foot, the Opposition leader, condemned what he termed the "scandal" of a valuable undertaking owned by the taxpayers being sold off at a knock-down price.

He also said that some of the Government's professional advisers who had now been shown to have given the wrong advice had made "at least £1m out of it."

In a reference to the fact that Mr Foot was speaking with the full protection of parliamentary privilege the Prime Minister told him: "I hope you are not making any accusation here that you would not make outside.'

Amid mounting criticism from Labour MPs she declared: "It is easy in retrospect to make a judgment about price."

She pointed out that the offer price of 142p per share was decided over two weeks ago, and had been chosen on the firm advice of professional City advisers who believed that it was the highest price at which the whole company could successfully be offered.

Mrs Thatcher acknowledged that there had been some discussion about conducting the sale on a tender basis.

She stressed: "If you do that the small investors and in particular people who work for the company will not in fact have a chance to take up the shares."

Mr Foot argued that a similar pattern of events had marked the sale of shares in Cable and Wireless. He called on the PM to ensure that if the Government persisted with the plan to sell off assets owned by the British National Oil Corporation the taxpayer would not be subjected to still further losses.

Would the professional advice on any future sale come from the same quarter? he asked.

The Prime Minister answered: "One takes the best possible professional advice."

Labour MPs scoffed when she suggested that it would have been quite possible to have put Amersham International on the market at a price at which it would not have been sold.

Mrs Thatcher emphasised: "In future we shall take professional advice and also consider tenders."

Edwards strongly critical of Welsh Water Authority

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR JOHN JONES, a businessman who has been serving with the Welsh Office, has been appointed by the Government to take over as chairman of the Welsh Water Authority.

He will succeed the retiring chairman, Mr Haydn Rees, on April 1.

Announcing the appointment in the Commons last night, Mr Nicholas Edwards, the Welsh Secretary, made stringent criticisms of the way the authority has run its affairs in recent years

"I have asked the authority as a matter of urgency to submit manpower and other costs to the most rigorous re-examination," he told MPs.

In a statement later he made it clear that the Government would expect Mr Jones to develop the organisation of the authority "into the streamlined, efficient and businesslike body we all wish to see."

Mr Jones became deputy managing director of Anglesey Aluminium in 1976 and since 1979 has been seconded to the Welsh Office as industrial director. The names of most of the members of the new board for the authority will be announced in about two weeks.

Mr Edwards said the authority will make a loss of more than £8m in the current year.

He said he had met Mr Rees and the old board a month ago and told them he was disconcerted to find that the authority "had not apparently adequately anticipated the decline in revenue arising from the recession."

He had reminded them that the economic conditions facing the authority were similar to those faced by other organisations. He felt the authority should have taken urgent counter-measures.

According to Mr Edwards the authority's employment statistics showed disturbing trends compared with other water authorities. Independent reports fro mtwo firms of city accountants—Arthur Anderson and Price, Waterhouse—confirmed that significant reductions in operating costs should have been possible.

Robin Reeves adds: The authority has been treated as a political football since birth, Mr Rees complained at the Commons select committee on Welsh affairs yesterday.

Speaking against the background of an impending Welsh nationalist campaign for non-payment of water rates and widespread condemnation from industry over the level of water charges, Mr Rees argued vigorously that his authority was being criticised for faults which were not of its own making.

Mr Donald Anderson MP (Lab, Swansea East) the committee chairman, stressed that the planned increase of nearly 20 per cent in the authority's 1982-83 charges had shocked public opinion, particularly given the Severn-Trent authority's comparable rise of only 7 per cent.

Mr Rees said that since water charges were equalised in 1975-1976, the average Welsh water bill had risen only 83.8 per cent whereas the England and Wales average rise had been 117.8 per cent. Over the same period prices for gas, electricity, postage and telephone, and local authority rates, had al lrisen more than water charges.

Fuel bills inquiry ordered

By Peter Riddell, Political Editor

MRS THATCHER has asked for an inquiry into the possibility of concessions to pensioners and low-income families over standing charges for gas and electricity.

The sharp rise in these charges has led to a wave of public protests to MPs.

Officials are, however, warning against expecting any marked changes in the immediate future.

The Prime Minister has asked Mrs Lynda Chalker and Mr David Mellor, junior Ministers at the departments of Health and Social Security, and Energy to look into the matter.

Their brief is to see whether any concessions can be made on standing charges to pensioners and low-income consumers. But it is being stressed that any help would have to be financed in some other way.

This issue is likely to be raised in the Commons next Tuesday when a short debate is to be held on the 22 per cent rise in gas prices announced earlier this month.

In addition to sharp criticisms from Labour there may also be some discontent among Tory back-benchers who have received protests from constituents. It is possible there could be a small rebellion in the vote at the end of the debate.

There are already a number of concessions on electricity and gas bills.

Recipients of supplementary benefit can receive some help during the winter to cover bills and, separately, there is a scheme to cover the cost of deposits for re-connection after the discontinuation of service.

Labour membership down 7% last year

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

FURTHER evidence of the problems facing the Labour Party came yesterday with the publication of new figures showing that the number of individual party members fell by around 7 per cent last year.

But the party insisted that the decline had little to do with the formation of the SDP last March. Officials blamed it largely on a 66 per cent increase in subscriptions last year.

The party's head office computer shows that the official total of individual members stood at 303,953 in 1981, against 358,950 in 1980. But Labour Weekly, which published the returns yesterday, believes that both figures are inflated.

The real figure for last year, on the basis of its own research, was nearer 300,250 it said. This compares with a comparable figure of 321,750 for 1980 and means that there has been a fall in membership of 6.75 per cent.

This means that Labour Party membership is still far higher than the 78,000 which the SDP now claims, and above the comparable figure of around 284,000 in 1978. But it is still a worrying figure for Labour, and must serve as a further warning to the party of the risk it is running by its internal feuding. The figures also serve to underline the party's worries about money.

Last year, individual subscriptions went up 66 per cent to £5. The increase boosted the party's income from local parties from £378,000 in 1980 to £550,000 in 1981. But the fall in membership suggests the party could lose more members if it tries to increase subscriptions much further than the £6 which is due to come into

The founders of many local SDP parties came, like the Gang of Four, from the Labour Party, but Labour Weekly said the evidence suggests very few party members have followed the original breakaways.

The party's national agent, Mr David Hughes, said very few local parties ad reported many members lost to the Social Democrats.

The party's official figures for individual members have always tended to be inflated by the way parties affiliate. Until 1980 parties affiliated on the basis of 1,000 members even if they had far fewer. In 1980, the minimum affiliation requirement was reduced to 256, and last year it fell to 128.

Even allowing for this, the figures suggest that the number of really large parties has fallen. They also demonstrate how run-down some parties have become in inner city areas where the far left has been most successful in becoming established. In two Liverpool constituencies, where the Militant Tendency is most active, for example, membership stands at only 168.

Government sets aside £½m for Clwyd enterprise plan

BY JOHN HUNT

THE GOVERNMENT is making £500,000 available to set up an experimental Enterprise Allowance scheme in the Deeside area of Clwyd, Wales.

It will provide taxable allowances to unemployed people who want to set up their own businesses.

The three year pilot scheme will go to Alyn and Deeside, Wrexham, Maelor and Delyn—an industrial area badly hit by the closures at the British Steel Corporation, Shotton.

The Manpower Services Commission hopes to have the programme running by April.

The small firms councillors of the Welsh Development Agency will participate.

Announcing the scheme last night Mr Nicholas Edwards, Welsh Secretary, said it would be a marvellous opportunity for entrepreneurial activity in Clwyd.

Three Enterprise Allowance pilot schemes already exist—in Coventry, the Medway Towns, and north-east Lancashire.

The announcement was made during a Commons debate on Welsh affairs.

Mr Alec Jones, Labour's Welsh spokesman, claimed that no part of Wales had escaped the "ravages of the Government's economic policies."

SDP spells out details of policy for job creation

BY PETER RIDDELL, POLITICAL EDITOR

ANY HELP to industry to pull out of the recession should be combined with temporary measures specifically designed to create extra useful jobs in the next two years, Mr John Horam, the Social Democratic Party's parliamentary economics spokesman urged yesterday.

Mr Horam said these measures would be necessary because "general reflation will have only a very limited effect on unemployment." He repeated the party's aim of taking a millio people "off the dole queues" in the next two years.

Mr Horam's speech represents an attempt to spell out what the party would do in the forthcoming Budget and to answer criticisms about its policies.

He stated four main requirements:

● A substantial additional public investment programme.

He quoted studies showing that spending an extra £3bn a year for the next three years could generate half a million jobs.

● A cut in the National Insurance surcharge.

A reduction of a half in the present 3½ per cent surcharge would cost £1.7bn in lost revenue and generate about 75,000 jobs in two years, as well as reducing industrial costs.

● A full increase in tax thresholds and benefits in line with inflation, and a £1 increase in child benefits.

● Specific job creation measures: in particular, a £70-a-week subsidy to employers to take on workers who have been unemployed for more than six months, a job guarantee scheme based on a programme of house improvement and insulation, and a special effort to restore the youth job market

The first two of these schemes could create half a million jobs over two years at a cost of much less than £2bn.

Thatcher denies cheap labour

By Ivor Owen

INDUSTRY'S improved capacity to compete partly reflects the action taken to end over-manning, the Prime Minister maintained in the Commons yesterday.

"Hidden unemployment is now out on the unemployment register," she said.

Mrs Thatcher e mphatically denied that the Youth Opportunities Scheme was being used to provide "cheap labour."

She reminded Opposition critics of the scheme that it was first introduced by the last Labour Government.

Mrs Thatcher joined Sir Peter Emery (Con., Honiton) in deploring the decision of the TUC to expel any union which accepted state aid in order to conduct a secret ballot of its members.

Secret ballots helped to ensure that decisions were reached democratically, and she hoped that unions were not afraid to use them.

National disaster fund plea

PLEAS for a review of the law on charities and for the establishment of a national disaster fund were rejected by Lord Belstead, Home Office Under-Secretary, in the Lords yesterday.

The question of a review arose after the Penlee lifeboat disaster in December. It was feared that not all the money raised through the disaster fund would go to the lifeboatmen's dependents because of legal and tax obstacles.

The proble mwas resolved by declaring the fund a private—rather than a charitable—trust.

Lord Belstead said: "What this tragic case has shown is that the organisers of disaster appeals need to be fully aware of the financial and legal consequences to the beneficiaries of establishing either charitable or private trusts."

He rejected a call from Labour's former Lord Chancellor, Lord Elwyn-Jones, "to look again at the law on charities in view of the confusion and difficulty which arose when this matter came before the public eye."

Next week in parliament

COMMONS

Monday: Travel Concession (London Bill), remaining stages; Northern Ireland Orders.

Tuesday: debates on effect of 23 per cent gas price increase and on Central America.

Wednesday: Canada Bill, Committee.

Thursday: Coal Industry Bill, remaining stages; Mineworkers' Pensions Scheme and Redundant Mineworkers Concessionary Coal Orders.

Friday: Private Members' Motions.

LORDS

Monday: Taking of Hostages Bill, Second Reading; European Definition of Treaties Order; debate on sea pollution.

Tuesday: Northern Ireland Orders; Civic Government (Scotland) Bill, Report.

Wednesday: debate on less developed countries; short debate on plans for land near Beverley Minster.

Thursday: Marriage Enabling Bill, Personal Bill, Second Reading; Civil Jurisdiction and Judgments Bill; Mental Health Amendment Bill, Third Reading; Antiquities Bill, Committee.

Engineering unions seek new structure in mergers

BY JOHN LLOYD, LABOUR EDITOR

A SERIES of moves in the next few months will lay the foundations of a radically new structure for union organisation in engineering.

This may include a merger of the big engineering and electrical unions and a further merger of the sheet metal workers with either engineering technicians or a general workers' union.

The dominant union, the Engineering Section of the Amalgamated Union of Engineering Workers, will appeal against a judgment last November.

This upheld the certification officer's ruling that two of the AUEW's smaller sections, foundry and construction, could not merge with the Engineering Section because this would discriminate against the fourth, the white-collar section AUEW-Tass.

The appeal will be heard on June 23.

If that appeal or any subsequent final appeal to the Lords fails, it is likely that the four sections of the AUEW, and the major unions which want to amalgamate with the Engineering Section, would either try other ways of merging, or go their separate ways.

Both the foundry and the construction sections, especially the latter, have suffered sharp drops in membership and need to merge to lower costs.

Mr John Baldwin, general secretary of the construction section, has said he will try further legal moves to merge with the Engineering Section.

If these fail he will approach other unions in construction, such as the Electrical and Plumbing Trades Union and the Boilermakers.

The National Union of Sheet Metal Workers, which had also agreed to join a full merger of the AUEW, will review the position at its annual conference in June.

Mr George Guy, its general secretary, said yesterday that he believed the executive would seek approval from the conference either to seek a merger with the Transport and General Workers or with AUEW-Tass.

Mr Guy said he favoured the Tass merger, since he believed that the future for craft workers lay in increasing technical skills, and in the divisions between them and technical workers becoming blurred.

The Engineering Section wants a merger with the 420,000-strong EPTU, now barred because of the legal position.

Mr Terry Duffy, its president, said yesterday that he believed this "the most sensible course," and one he would pursue whatever the outcome of the appeal.

Informal contact between the various parties has failed to break the deadlock.

Last week the executive committees of Tass and the construction section met socially to attempt common ground, but the meeting, while amiable, was unproductive.

More rail talks set as first peace bid founders

MR RAY BUCKTON, general secretary of the Associated Society of Locomotive Engineers and Firemen, yesterday stuck firmly to the eight-hour day in the first negotiations with British Rail after Aslef called off its six-week campaign of strikes, writes Brian Groom.

The rejected BR's proposals for flexible rostering, with a working day of between seven and nine hours, at an hour-long meeting of the locomotive section of the Railway Staff Joint Council.

The swift failure to agree was expected. The issue will now go to the next stage in the negotiating machinery, the Railway Staffs National Council, probably on Monday.

A repeat of yesterday's disagreement is almost certain. The issue will then go to the final stage of negotiations, the Railway Staffs National Tribunal, on March 15, 16 or 19.

It has yet to be decided whether the tribunal's findings will be binding.

Aslef has made no signed agreement to vary the eight-hour day. If th eunion sticks to this line after the tribunal reports, BR may have lost its sanction by paying the disputed 3 per cent of last year's pay deal.

It may then have to use this year's offer, due for settlement towards the end of April, as a bargaining tool on productivity. BR said yesterday it had received claims for "substantial" but unspecified wage rises from all three unions.

Flexible rostering has been accepted by the National Union of Railwaymen and guards at more than 60 per cent of BR's 304 locomotive depots have so far accepted

However, there was more disruption on Eastern Region last night when about 100 guards began an unofficial stoppage. The guards, who struck last Friday in protest at new rosters, were protesting at having their pay stopped for last Thursday, when Aslef was on strike.

BR said about half of the trains from Liverpool Street in the evening rush hour were cancelled

Times decision on titles deferred

BY IVO DAWNAY, LABOUR STAFF

THE DIRECTORS of Times Newspapers Holdings last night unanimously decided to defer a decision on the transfer of the ownership of the titles of the newspapers to the parent company, News International.

In a statement released after yesterday's meeting, the board gave firm backing to the chairman, Mr Rupert Murdoch, in his struggle to reduce manning levels on the Times and Sunday Times.

However, it also added that "consideration of all other matters" should be deferred until the problems are resolved.

Ownership of the titles was restored to Times Newspapers last week after protests that the five national directors, appointed to safeguard the independence of the papers, had not been consulted on the move.

Yesterday's decision to defer discussions on the transfer will be seen by some union officials as strengthening their position in negotiations on job cuts.

It has been widely speculated that Mr Murdoch would be less willing to carry out his threat to close or liquidate Times Newspapers if the titles are not transferred.

A fresh appeal to clerical workers to accept voluntary redundancy, was made by the company yesterday, in a new atempt to reduce the 670-strong staff by 210.

In a letter received by clerical workers, Mr Murdoch gave a firm undertaking that all names of those applying for severance would be kept secret.

Mr Arthur Brittenden, corporate relations director for News International, confirmed last night that the letter was intended to by-pass union officials and allow workers fearful of applying for severance to do so anonymously.

He said: "Some people have been discouraged from accepting and this is an opportunity for them to do it another way."

An official of the clerical workers' chapel (office branch) said yesterday that he believed the new approach might persuade ("one or two" people, but he remained doubtful whether the appeal would produce applications anywhere near the 210 wanted by the company.

Civil servants condemn 4% wage offer

BY OUR LABOUR EDITOR

CIVIL SERVICE unions yesterday formally rejected the Government's 4 per cent offer, and repeated their call for the issue to go to the Civil Service Arbitration Tribunal.

A meeting of the Council of Civil Service Unions condemned the offer for "failing to respect undertakings given by the Governmnt last year," and said it prejudiced the outcome of the Megaw inquiry into Civil Service pay.

The resolution said the offer "does not form the basis for negotiation" and called for it to be referred to arbitration as soon as posible.

The Council rejected, by seven votes to two, a move by the Institution of Professional Civil Servants to oppose the re-appointment of Mr David Calcutt, QC, the chairman of the Arbitration Tribunal, after his term of office ends next month.

The IPCS had objected to an award to their 50,000 engineers and technicians in Janury 1980 which was decided on the casting vote of Mr Calcutt. The award was less than half of their claim.

However, the other unions with the exception of the small Association of Government Supervisors and Radio Officers, felt that any successor might be even less favourable to their position.

Airport staff to discuss 'b'ackleggers'

By Our Labour Staff

Heathrow Airport workers employed by foreign airlines and by the British Airports Authority are to meet today to decide whether to continue working with "blackleg labour."

British Airways has been using volunteers to maintain 80 per cent of its European and domestic flights from the airport in spite of a dispute over new work schedules with 2,000 ramp staff at Terminal One and Two.

Ramp workers' leaders claimed yesterday that not all the extra staff were volunteers. "There are a few press-ganged people," said Mr Mike le Cornu, their representative.

The ramp workers, who claim to have been locked out by BA over two weeks ago, have had limited success in winning support

Dock board reform plans to go for consultations

BY BRIAN GROOM, LABOUR STAFF

PROPOSALS FOR a big cost-cutting reorganisation of the National Dock Labour Board, which administers the statutory employment scheme for Britain's 18,000 registered dockers, yesterday cleared their first hurdle.

The full board, on which employers and dockers' leaders are equally represented, decided to put the plans out for consultation with all interested parties.

The 1 subsidiary local boards are likely to be the first to be consulted. Under the proposals, these would be replaced by five regional bodies. Smaller ports would be covered by local committees and the minimum of staff.

The plan was drawn up by national officials after a report forecast that the board could accumulate a deficit of £7m by 1985 on its running costs.

It includes a revision of rtaining arrangements, and passing on responsibility for port medical centres and dockers' welfare to employers. The NDLB staff of 400 could be cut by a third.

Some ports may be concerned about extra direct expenditure involved in taking over some of the board's functions.

● Dockers on the Tees whose strike, now in its 15th week has stranded some of the Thames Barrier's flood gates will vote tomorrow on a new pay offer.

The revised wage proposals followed 21 hours of talks between the Tees and Hartlepool Port Authority and Transport and General Workers' Union representatives at Tees Dock.

Mr Jim Yates, secretary of the local union branch, said yesterday that the offer would be put without a recommendation.

Sullom Voe workers accept pay deal

BY OUR LABOUR STAFF

PROCESS workers at the Sullom Voe oil terminal in Shetland—who had threatened to strike over their annual wage claim—have settled their claim with BP, which operates the terminal on behalf of 32 companies.

The 180 workers accepted new terms including double time for Saturday overtime work and for the second eight hours of a double shift. BP will seek ways of cutting the cost for workers of taking their families on holiday to the mainland.

The settlement includes BP's original offer of 7.5 per cent increase on basic pay and an increase in the Shetland Island allowance paid to terminal workers.

The general level of 8 per cent deals, established in the early stages of the oil industry pay round, is likely to be confirmed when 160 process workers at Amoco's Milford Haven refinery in Wales accept rises of that amount.

Negotiations are continuing on a demand for a one-hour cut in the working week to 39 hours.

Management at BP's Grangemouth refinery in Scotland are to meet process workers' leaders on Tuesday to discuss pay after a productivity-linked regrading exercise.

TECHNOLOGY

EDITED BY ALAN CANE

Land of hope but not much automated glory

WILL BRITAIN make it into the new era of manufacturing? GEOFFREY CHARLISH reports on the mood of mingled desperation and resignation at a London conference on automated manufacturing.

A FILM CLIP shown by a Unimation delegate at a London conference on automated manufacturing last week depicted a line of perhaps a dozen industrial robots making engines for Kawasaki motorcycles. No people could be seen in any of the shots.

A commonplace tale from Japan? One that UK workforces, managers and investors are weary of hearing? It may be; but the fact that sent murmurs through the 100-strong audience — mostly engineers and scientists—was that the film was not shot last week or last year, but 10 years ago.

Throughout the conference an air of desperation and some resignation was evident. One divisional chief engineer of a well known company was heard to remark: "I've serious doubts whether Britain will make it into the new manufacturing era."

What became evident at this conference, put on by Engineers' Digest, and what has been shown at similar events up and down the country in the past two decades, is that although considerable good works are going on in government laboratories, the universities, the automation equipment makers and at research associations like PERA, precious few systems are actually making products in the UK.

The organic, deep-seated changes that will have to occur in boards, unions and investment sources if UK manufacturing is not to go under, were not widely discussed. Nor were the quite inevitable labour displacement problems that automation brings. It was almost as if the very intellects that were creating the new systems were determined to remove themselves from both pre-implementation problems and social consequences.

But ideas abounded on the systems front. One of the "leading edge" technologies is the flexible manufacturing system (FMS), in which the machining of metal components is totally automated, from the input supply and handling of blanks right through to automatic tool changing and output handling — and probably including packaging eventually. Loading and unloading is the only human activity, apart from supervision and programming.

According to Mr A. Low of the National Engineering Laboratory in East Kilbride, there may by now be about 75 operational FMS installations world-wide. Barring one at Normailair Garret in Somerset, Low says that none are regularly machining production parts in the UK. They are nearly all in Japan, Germany and the U.S.

But a system now nearing completion at NEL is expected to be moved to a commercial location in the autumn; it seems that the 600 Group will shortly unveil its own development.

The NEL system is based on a study by Roevac Automation and a Kearney & Trecker Marwin model 400 machining centre.

In the diagram, the two long conveyor sections are used for loading and unloading component-carrying pallets with ferrite strips on their underside that denote to the system both type and orientation of the component.

Turntables switch the pallets into one of the short conveyors each side of KTM 400 for seizing by the shuttle forks and presentation to the machine table in a U-motion.

Finished parts are similarly extracted and placed on the short output conveyor on the other side. For a small throughput the centre bridging conveyor could be used for both loading and unloading.

But the NEL approach is modular, so that additional machines, conveyors and turntables could be added.

Part numbers, pallet numbers, routes and machining programs are all dealt with and properly associated in the console computer, suitable instructions being sent to the controller in the machining centre (which can still operate independently if required).

Mr J. Stokes of the Machine Tool Industry Research Association pointed out that, in truth, the move to CNC and machining centres was a much bigger step than the subsequent deployment of FMS, which simply automates handling and supervision. Even so, he showed that in a shop turning over £1.8m, savings of £160,000 were feasible with FMS, or an extra profit of 9 per cent.

Two shifts

Stokes cited existing unused capacity as one reason for non-implementation of FMS in the UK. But the other sounded all too familiar: "Lack of management confidence in tackling the problems that new technology presents."

Another of the advanced concepts—but still very much a concept for most manufacturers—is the integrated manufacturing system, IMS. Here, the object is to link, via computer and data communications, different kinds of process and operation and to control them in unison.

From Norwegian company, Kongsberg Vapenfabrik, Mr A. McMillan described a proposed system by which his company would link the processes of turbine blade production — casting, profile grinding, cleaning and dimensional checking.

A Cerrobend casting machine will feed two grinding stations via bi-directional conveyors and two robots. One of the robot stations, ultimately receiving all the finished blades, would feed them also to the cleaning and measuring stations.

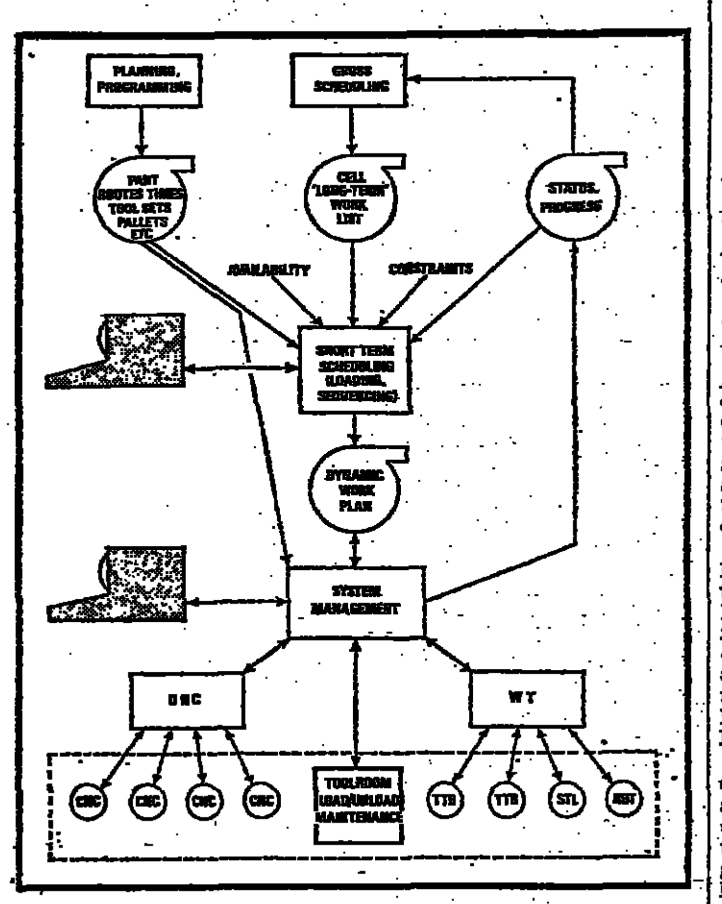
The study results show that a 75 per cent manpower reduction could be achieved with a 50 per cent productivity increase using two shifts.

From across the Atlantic, consultant R. H. Johnson painted what he saw as the final picture for manufacturing.

Most of the "alphabet soup" of 1982 — NC, CUC, DNC, IMS, FMS, MIS, MICS, MOCS, CAD, CAM, CAE — would all disappear, he quipped, along with the final acronym, CAB. (It stands for computer aided bankruptcy.)

They would all go he said, in more serious vein, because ultimately there are really only two elements to production: machine hardware and information.

Since the product, from some pieces of plastic and metal through to the boxed finality, is the common theme throughout, then so is the associated information. Cheap processors and communications are bound to link it all up.



The starting point however, appears to be CAE, computer aided engineering, in which the object is to create at least a database for the design and design-related manufacturing information and exploit it fully with such aids as solid modelling on colour visual display screens.

Apart from the feeling that a certain amount of preaching to the converted went on at "Summit on Automated Manufacturing, 1982" it undoubtedly provided a great deal of hard data for those who attended.

The final question time seemed indicative of something however. It lasted about five minutes and a quick turn of the head revealed that about three-quarters of the audience had left. But it was five o'clock on a Friday. . .

Detection of flammable gases

A FLAMMABLE gas detection control unit has been introduced and is able to monitor up to 16 Sieger gas sensors simultaneously. Two pre-set alarm levels for gas concentration are available for each channel.

Sieger, 31, Nuffield Estate, Poole, Dorset (02013 6161) says that standard features of the FS16 model include R. F. interference suppression, open circuit sensor fault indication and delay circuits to inhibit unwanted alarm conditions. Models are available for AC or DC operation.

From Worcester comes news of the ED Mk 3 gas detection and control system for the detection of very small concentrations of flammable and toxic gases, including hydrocarbons, halogenised hydrocarbons, alcohols, ethers, ketones, esters and nitrogen compounds.

Electronic Devices, 48, Diglis Road, Worcester (0905 353555) says that the semi-conductor sensors are immune from poisoning by hydrogen sulphide, lead or silicones and will maintain an alarm condition at well above the upper explosive limit.

Hitachi goes plastic to beat 'soft' errors

BACK IN 1978, semiconductor memory manufacturers discovered nature had stacked the chips against them. The very materials they used to fabricate their memories contained radioactive impurities which throw off alpha particles which could change the contents of a memory location.

This resulted in so-called "soft" errors and gave rise to a search for purer materials and new ways of combating natural radioactivity.

Conventional ceramic 64K dRAM (dynamic read-and-write memory) chips, for example, the new industry standard high capacity memory, have what is called a PIQ chip coating to reduce alpha-particle susceptibility.

Now, Hitachi, the Japanese electronics giant, has announced what it claims is the industry's first 64K dRAM encased in plastic packaging. The design changes include higher cell charge storage capacities and higher signal read-out levels.

Hitachi claims this gives a level of reliability two orders of magnitude higher than conventional non-coated devices and only slightly lower than coated devices.

Prices have not yet been fixed but Hitachi says the new device should "maintain the downward price trend on 64K dRAMs." At present such devices can cost U.S.$15 or less.

Working at the other end of the production process, Harwell in the UK has developed a method of detecting radioactive impurities in chip-making materials.

Its Fission Track Autoradiography technique can detect the presence of uranium in quantities as small as two parts per billion.

Harwell claims this gives manufacturers a quality control enabling them to assess whether their raw materials meet the accepted standard of less than 0.001 alpha particles per square centimetre per hour.

Such tiny levels are not measurable directly. Harwell coats samples of the material with a substance which records emissions and bombards it with thermal neutrons in its materials testing reactor DIDO.

Uranium 235, a fissile isotope present as 0.72 per cent of natural uranium undergoes fission and the fission particles tracks are recorded.

Examined microscopically, it is possible to calculate back the amount of uranium present in the sample. More from Dr Jim Stephen at Harwell, 0235 24141; Hitachi is on 01-861 1414.

ALAN CANE

Air Call to invest £2m on paging system

INCREASED demand for radio paging systems has prompted Air Call, one of the biggest companies in this field, to invest £2m to provide a more sophisticated paging service.

Air Call has introduced a service using pocket sized "bleepers" which allows users to send voice messages to pages up to 40 miles away.

Until now services which have voice transmission have not allowed subscribers to directly record their own messages because of the difficulty in linking subscribers to the transmission system. Instead, operators transmit them.

The advantage, is that subscribers feel more confident that messages get through to the person they want to contact, even though it is not possible to reply with tiny pages.

Special keypad

Callers telephone the local Air Call control where they are connected to the computers which store voice messages up to 20 seconds in length digitally. Within a few seconds these messages are transmitted to the relevant pagers.

So far eight of the company's 30 control centres are equipped voice communications. Each memory board within the computer can handle up to 4,000 subscribers.

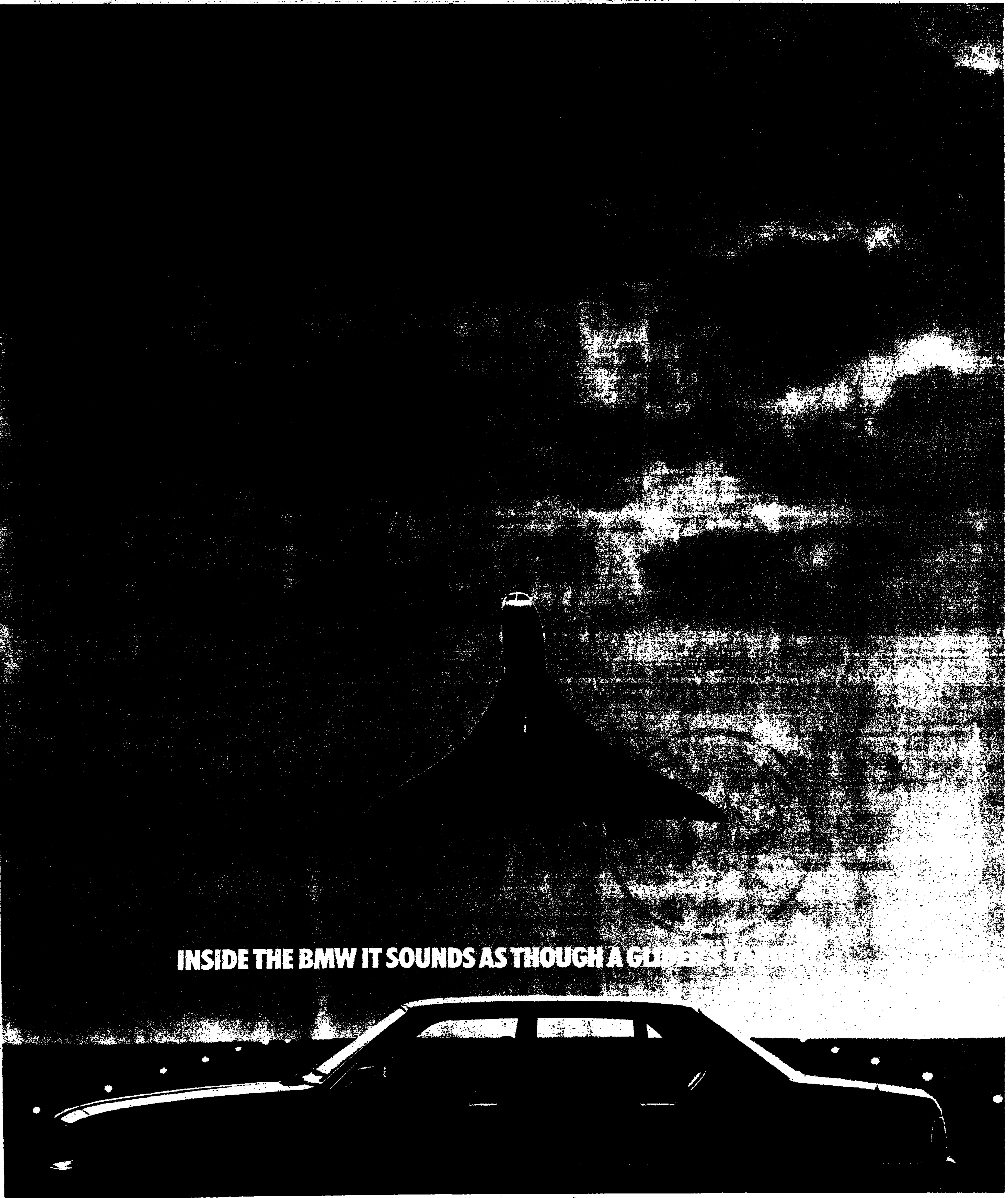
Large subscribers—with 20 or more pages—can opt to link into the computer by private telephone lines using a special keypad, so bypassing the human operator.

Air Call has more than 8,000 paging subscribers in the UK out of the total market of 45,000 users. This makes it the largest private sector company in the market. British Telecom is the biggest.

According to Air Call, the market will grow to 250,000 pagers in the next three years making it one of the fastest-growing sectors in the telecommunications service industry.

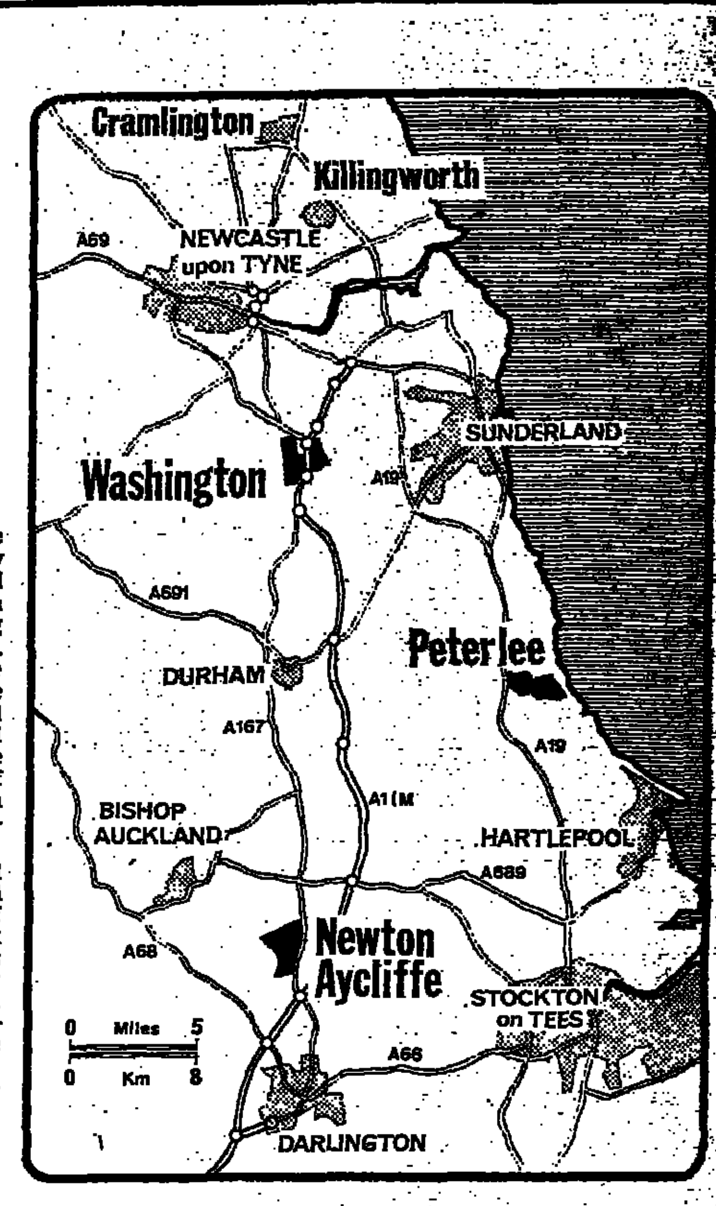
At present paging systems like those of Air Call's are limited to transmission within a limited area, but the company is looking at the possibilities which could one day be offered by satellites to provide a nationwide coverage for radio pagers—but at an economic cost.

ELAINE WILLIAMS


INSIDE THE BMW IT SOUNDS AS THOUGH A

The new towns of the North East have played a useful part in offsetting the region's industrial decline. This report by NICK GARNETT reviews prospects in the light of coming changes in administration.

The North East



Act adds uncertainty to other problems

THE FIVE New Towns of the North East of England—along with the rest of Britain—are struggling with the effects of recession. Though the industrial structure of the area has undergone massive changes in recent years, and major environmental and infrastructure improvements have been implemented, there are still weaknesses.

Yet in this situation the three Government-sponsored New Towns, Peterlee, Newton Aycliffe and Washington—as opposed to their local authority cousins, Cramlington and Killingworth—suffer from an additional source of uncertainty.

The development corporations for these three are to be dissolved by December 1985 under the 1981 New Towns Act—albeit the timetable is subject to review. They were set up—Aycliffe and Peterlee immediately after the war, Washington in 1964—to create a community and industrial centre for areas deemed to have special employment and social needs that required such artificial creations. They were never meant to be more than temporary.

Winding-down of the corporations has already begun. Peterlee and Aycliffe have handed over their housing to the local authorities. Washington has yet to do so because of a continuing disagreement between central government and Sunderland Metropolitan Borough Council over terms. Industrial assets are to be sold to the private sector wherever possible, and the rest of the development corporation-owned facilities will also have to be released under the terms of the Act.

The development corporations have at least one view in common on this—that the dismantling of the corporations will simply leave a vacuum in a region which still needs a special form of economic pump-priming because of its traditionally high unemployment and industrial infrastructure weaknesses.

They say that local politicians and businesses would not take kindly to having the job done by a London bureaucracy which in any case would probably be too remote to do it effectively. They also maintain that local authorities might be stretched to provide the necessary manpower. The special task identified for them will in no way be completed within the next four years.

The development corporation's case is not based solely on the needs of the region but also their record in attracting industry. It is one that includes many successes and revolves around the many features attractive to new industry with which the new towns are blessed and the kind of comprehensive deals they can offer. This view is shared by the two local authority new towns—Cramlington, which is run by the Blyth Valley Borough Council and

WASHINGTON

with a population of 27,000 projected to rise to 42,000 in the next nine years; and Killingworth, in the Metropolitan Borough of North Tyneside, whose population is due to rise to 19,000 from the present 14,000.

The new towns have different roots. The designation of Aycliffe and Peterlee, with populations of 23,000 and 26,000 respectively, immediately followed the setting up of the ring of new towns around London in 1946 to 1947. Peterlee was conceived as an employment centre for women—mainly from mining families. Its old industrial estate is still a big employer of women.

As the mining industry collapsed around Peterlee, however, it became evident that the new town would have to try and attract industry and jobs for the redundant miners themselves. A second estate deveopment of the 1970s has a much broader mix of industry than the old one, and a preponderance of male workers. Planners looked at the old ordnance factory at Newton Aycliffe after the war and decided that it should be transformed into an industrial estate. The development corporation took this over only in 1973 and argues that because it was just one of a number of commitments of its previous controller, the English Industrial Estates Corporation, its development had been somewhat slow.

Washington, designated almost 20 years after the former two, was created close to a string of worn-out mining villages. It has a powerful purpose-built feel about it. The 18 villages that make up Washington have a population of 55,000, with a target of 80,000 by the turn of the century.

The corporations argue that they have been very cost-effective in comparison with other organisations in the task of job creation. An independent analysis for the Department of Industry in the late 1970s showed that each new job at Peterlee had cost £2,800; this compared with a national figure of £8,000 for all types of authorities.

Peterlee and Aycliffe—separate development corporations but with considerable joint functions—say that their own analysis indicates that in the five years to 1981 three quarters of the new jobs drawn into Durham came to the new towns. Some of that was obviously the work of development corporation personnel.

This is set against a net population decline. Between 1971 and 1981 Easington district, which includes Peterlee, had a net population loss of 8,600. The corporations are forecasting another 5,000 jobs losses in coal and related industries over the next ten years in and around the Easington district.

Just to keep standing still will require the generation of 750 to 1,000 jobs a year for the next few years. This, they argue, underlines the need for some type of authority, providing special assistance to the

AYCLIFFE
+
PETERLEE

area once the industrial promotion arms of the Government are finally disbanded.

Washington Development Corporation has been heavily engaged in attracting 14,000 jobs in a part of the region which has seen a very big decline in employment within the traditional industries.

Set against this, the North East's move towards high technology companies has been faltering and there is a lack of service industry. Along with the rest of the country it has witnessed steep rises in unemployment. For both Washington and Peterlee the rate has risen from about 10.5 per cent three years ago to more than 16 per cent. Aycliffe, whose rate of about 6 per cent was little more than half that of the other two three years ago, has jumped to 14 per cent.

The unemployment rate for both Peterlee and Washington has been on a par with or slightly higher than the north-east region as a whole. This belies their success, though, in creating jobs virtually from scratch. It also misses the point that the new towns rub against some towns and areas in Tyneside and Wearside which have unemployment rates of 20 per cent and more. Some of the industrial estates have also shown remarkable resilience during the recession, with the number of companies there expanding.

The new towns can present an array of attractions to potential companies hunting for a new location. Their development offices are able to assist with a complete negotiating package. That includes assistance to companies in discussions with nationalised industries on power supplies and arranging for special education for staff. There is also aid available on relocation, production contracts and staff recruitment.

Peterlee and Washington are in special development areas which offer a spread of financial incentives. This can include two years' rent-free accommodation as well as 22 per cent grants for buildings and machinery and the possibility of further discretionary grants. Substantial cash grants are available at Newton Aycliffe, though this is not a special development area.

The five new towns have, however, other more natural advantages. They tap into some excellent communications. They are served by a first-class road system, particularly from north to south, and a range of varying port facilities close to hand. Their location and the sea route services from the east coast have strengthend their industrial affinity with Scandinavia and Scandinavian companies. The relatively high proportion of foreign undertakings includes a powerful element of U.S. investment.

The region's industrial relations have historical strengths within the context of UK labour - management relations. Though the area has some traditional — but rapidly declining — industries often associated with disputes and industries which have provided the labour pool for many of the region's new companies, the strike record in many of these sectors in the North East has been lower than the national average.

Broad range of sites on offer

A KEY consideration for companies moving into the new towns is the kind of space available. The three are now in the position where there is not only a wide selection but there is also more on offer than two years ago, both for rent and sale, and they still have ample acreage for new development.

Washington has 4.5m sq ft, of which the development corporation owns just under three-quarters. Of this, 400,000 sq ft is empty, an increase of up to 150,000 sq ft on the position three years ago. There is three-quarters of a million sq ft of office space—mostly occupied by the Department of Health and Social Security—of which 15,000 sq ft is available for renting.

Most of the factory space on offer is at the top end—that is, 10,000 sq ft and above. There have been some big recent factory closures, including those of Delta, MEM switchgear and RCA records and tapes. The corporation expects to have the first two utilised very quickly, but admits that the 85,000 sq ft of space purpose-built for the last-named will be difficult to market.

Buildings in the 350-600 sq ft are all occupied but new ones are being put up. There is a relatively lively demand for small offices.

Peterlee is to some extent suffering from a previous risk-taking policy on factory building to help meet its high unemployment figure. The development corporation has 2.1m sq ft of space, of which more than a fifth is empty.

Unused

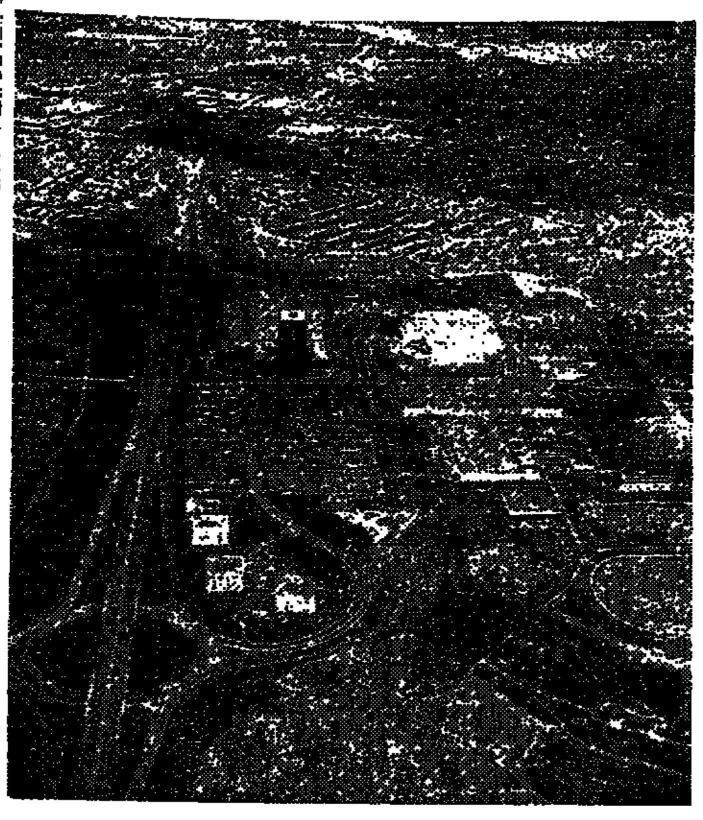
It has 2.4m sq ft at Aycliffe, 209,000 of this being unused, and with a spread from 1,000 to 25,000 sq ft. Some 200,000 sq ft out of the 2.8m privately owned at Aycliffe is vacant with the largest site taking up 23,000 sq ft. Two years ago there was only 50,000 sq ft of both private and public industrial space available at Aycliffe.

The corporation says that because buildings are coming on the market at virtually knockdown prices it has not been able to put up rents the way it would have liked to meet its commitment of achieving a 10 per cent return on capital expenditure.

A further result of this is that the design approach for the latest factories has been altered by the corporation to gear them for lower potential rents.

Cramlington has a reasonable proportion of factory units for manufacturing or services available to new companies but very little office space. Killingworth has some medium-size units of both freehold and leasehold on the market together with a variety of sites from one acre to 5.8 acres restricted to light industrial use.

BRITAIN'S NEW TOWNS—THE NORTH EAST II



Washington New Town centre and the Washington Highway

Foreign concerns a feature of industry

THE NEW towns' industrial estates are enclaves of mixed manufacturing in a region whose industrial base is still very much influenced by the traditional industries.

Though the estates have been badly buffeted by the recession, with employment below the level of two years ago, some of them have shown remarkable resilience. Aycliffe has suffered the worst in relative terms, largely because of its much great dependence on one industry—motor manufacturing—which has been affected disproportionately.

Some of the development corporations are confident though of industrial expansion even within the next year and all are seeking to expand the number of foreign companies which are a feature of the North East's industrial estates. Many of these foreign-owned undertakings—a high proportion Scandinavian, with a healthy sprinkling of Japanese companies—are now very well established.

Washington has some 260 companies in industrial premises, about 100 more than three years ago. The development corporation expect this to rise to more than 300 by the time the year is out.

Employment on its industrial estates has fallen from 21,500 to 19,000 in the past three years—a decline largely confined to 1980. Last year the number of new jobs roughly balanced losses. Over the same three-year period the town's unemployment has risen from 11 to 16.5 per cent.

Engineering

The principal difference between Washington on the one hand and Peterlee and Aycliffe on the other is that the latter two have a relatively small amount of office space either occupied or available. Washington pulled off a major coup, however, by grabbing the Department of Health and Social Security's National Child Benefits Office—the biggest employer in the new town, with 2,500 staff. Its industry has a very strong light engineering content but is very varied. A large proportion of Washington's industrial companies are household names like Dunlop but an even bigger percentage are foreign-owned.

Some of these are very big names—Timex Watches (U.S.-Norwegian) and Philips Television (Dutch), for example.

The Japanese company Marubeni-Komatsu carries out final assembly work on its earth-moving equipment at Washington. Littel Fuse, part of the Tracor Corporation of the U.S., is engaged in specialist fuse manufacturing and special cabling is made by one of the most recent newcomers to Washington—the Norwegian company NEK. The Japanese zip fastener manufacturer, YKK, has a distribution depot. The Danes are involved in Washington through the hearing-aid maker Danavox and the U.S.-Danish Smithers Oasis which produces plastic flower-arranging material.

The two estates at Peterlee house 85 companies. These employ about 5,000, with a further 4,000 in services outside the estates. Over the past three years more than 1,250 jobs have been created in Peterlee but more than 1,550 have gone. The development corporation says that shows considerable resilience on the part of the industrial estates in the face of recession and that there has been a good take-up of vacated premises by new companies.

The old estate still encloses companies in industries heavily associated with women workers—Dewhirst, a clothes-maker for Marks and Spencer, and the Charnos clothes manufacturing company.

The new estate includes some major manufacturers in their field and a relatively high proportion of foreign companies. The development corporation believes total foreign investment at Peterlee approaches £100m.

The principal foreign companies include Fisher-Price, the U.S. toy manufacturer which began producing there in 1978 and is now using Peterlee as its European manufacturing headquarters. The Japanese company NSK Bearings chose Peterlee as its manufacturing base to service the EEC; 85 per cent of its output is exported.

Chemicals

Rothe-Erde, the West German roller bearing manufacturer, is another big foreign employer. Borden, the U.S. chemicals company, has a plant at Peterlee and the Norwegian operation Mustad has a packing plant for the fishing hooks it manufactures.

Significant British companies include DJB, a leading manufacturer of articulated dump trucks which has undertaken considerable expansion over the past nine years, and Hunter-Print, which has a big export trade with the Common Market.

The 116 companies on the Aycliffe industrial estate employ 8,500 but that is over 2,000 fewer than the peak of employment on the estates three and a half years ago.

The town's industry has also had a strong motor manufacturing content which has proved a millstone around its neck during the recession. While unemployment at Peterlee is greater at well over 16 per cent, its figure three years ago was also high — 10.5 per cent, almost double the ten national average.

By contrast Aycliffe's 14 per cent unemployment is lower but that represents a hefty jump above the figure of 5-6 per cent in 1979. Closures have included the Concordia Wire Cabling plant, while Eaton Axles has cut its workforce from 1,300 to 550.

The town has been attempting to diversify its industrial base. Foreign companies include two Swedish undertakings — Perstorp, which manufactures plastic laminates, and Electrolux through its wholly owned subsidiary Flymo, which makes lawnmowers. The U.S. company Union Carbide has an electronics plant. UK concerns include GEC—which with more than 1,400 workers is the biggest employer in the town—and a British Steel sheet coating plant.

Cramlington boasts some big UK manufacturers as well as a number of foreign-owned operations. Wilkinson Sword has a razor blade manufacturing plant there; Burroughs makes adding machines and Fablon produces kitchenware covering.

Manufacturing for the home plays a strong role in the town's industrial structure. The Brentford Nylon plant taken over by Lonrho is still producing a large range of bedding and related products and Commercial Plastics manufactures wallpaper and wood coverings.

Kilingworth has a mix of industrial and service industries but much of it is concentrated in the latter sector. It includes four major distribution companies and two consultancies for shipbuilding and engineering. Northern Gas has its headquarters there, linked to a major British Gas research installation.

Well off for transport links except in air services

THE NEW TOWNS in the North East possess some of the best communications in the country for goods transportation and the movement of employees. At the same time there are weaknesses—notably the limited air services for the region, the distance from south coast ports as export gateways to Western Europe and the lack of a fast east-west road route come immediately to hand.

They are reasonably close to the A1(M), which ties in with the national motorway system for north-south travel, and for the M62 transpennine motor-way.

Peterlee is furthest from the main east side road route between England and Scotland, but it is on the A19, a good road connecting with the A1. Washington is served by a reasonable cross-country road—the A69—west to Carlisle. The new towns themselves are connected directly with the west part of the country by the A66.

There is a wealth of port facilities on the east coast—the Tyne, Tees and Humber docks—with connections to the more southerly ports. There are several roll-on/roll-off berths on the Tyne and at Teesport, with a driving time of less than half an hour from each of the new towns to at least one dock area.

These ports provide short sea routes to Norway and Sweden as well as services to Rotterdam and Amsterdam. The Humber is only a few hours' driving time away even for the heaviest lorries. Bulk shipping is handled at Hartlepool and Seaham as well as at the major ports.

Most industries in the North East rely on road and sea transport. There is a Freightliner rail terminal on the northern edge of Washington which can get cargo on to the Continent via Harwich within 24 hours.

There are 21 British Rail 125 services, stopping at Newcastle, on the route from London every day. There are also four direct services to Liverpool and a similar number to Bristol. The latter are due to be converted into 125 services. Stations at Darlington and Durham also provide direct Inter-city 125 links to the north and south. Aycliffe has commuter rail services to Darlington and Bishop Auckland. Peterlee is also served by a local British rail service.

Washington, Killingworth and Cramlington are only a few miles from bus/rail interchanges on the Tyne and Wear Metro linking them directly to the heart of Newcastle. The close proximity of the Heworth inter-change to Washington has meant a reduction in the number of bus services direct into the city.

The airport at Teesside has mainly domestic flight connections. Newcastle, though, has regular flights to Amsterdam and the Scandinavian countries as well as to Dublin and Belfast and the British mainland airports.

Its international air services, however, are relatively weak. The development corporations would like to see direct flights to the U.S. but do not believe them a likelihood in the foreseeable future. They would also like to see direct air connections with West Germany, although there might be a question-mark over the amount of traffic that route would generate. The number of U.S. companies in the North East—88 at the last count—is four times the number of German undertakings.

Though Manchester is the nearest international airport most users opt for connections through London. There are five flights daily to and from Heathrow and two between Gatwick and Newcastle. British Airways has been talking of the possibility of a shuttle to Newcastle next year.

Wide cross-section of jobs and skills

THE NORTH EAST has a record of relative freedom from industrial stoppages on a par with, if not better than, the national average for most industries. And within the North East the new towns have an enviably good reputation for harmonious relations.

The region has tended to have a struggle to achieve rates of productivity comparable with those of some other areas. This is a notoriously difficult issue on which to obtain reliable data and is almost certainly a product of the relative age of equipment used in sectors of its traditional industries.

Some of the recent shifts in balance between unions and employers and the impact of unemployment on the attitudes of the shop floor and among union officials have had a marked impact on the new towns' industrial estates.

One outcome is the relative success of new companies in securing single union bargaining arrangements. These are encouraged by the development corporations because they generally prove to be successful, and companies that go out of their way to negotiate such arrangements normally get the co-operation of union officials.

Two representatives of local industry. Left: Production at the Peterlee plant of Rothe-Erde, UK offshoot of the West German ring and roller bearing manufacturer. Right: Everest Double Glazing on the Wear Industrial Estate at Washington

Companies on the industrial estates have also been using the recession to achieve greater efficiency in shift working and other practices. But this has provoked a backlash from unions in at least a few cases. Employers with entrenched multi-union bargaining arrangements still find it nearly impossible to simplify them and overcome resistance to changes if this will result in job losses—unless and until, that is, the company can demonstrate that investment and survival are at stake. In general, however, new towns by definition do not have the inbuilt working traditions which can prove a stiff obstacle to harmonious industrial relations.

Unemployment figures indicate a ready pool of labour for a wide cross-section of jobs and skills. The new towns' catchment areas, though, suffer a little along with the rest of the region from the legacy of the North East's traditional mining, shipbuilding and heavy engineering base.

This is particularly reflected in a general scarcity of labour for some of the skills required in new technology applications. The region as a whole has a relatively weak content of high-technology companies. The development corporations, though, are encouraging efforts by North East polytechnics and universities to achieve a more rapid turnout of people with computer-related skills.

Peterlee has a long tradition of women working and doing shift work. They form a clear majority on the town's old industrial estate. As a result of the decline of local mines and the development corporation policy of attracting work for men the new town's two industrial estates together have a roughly equal proportion of male and female workers.

With the town well into its second generation of families, the youth bulge is now settling down but there is still a higher proportion of young people than in most towns. The development corporation points to NSK, the Japanese concern, for which there have been periods when all its shopfloor workers were under 28 years of age. It says there is a shortage of tool-makers and that because much the greater part of its labour pool is semi-skilled some types of industries would have to undertake considerable re-training.

There have been very few strikes at Peterlee. Even those people remember—such as the strike at DJB dump truck manufacturers—have been relatively short.

Newton Aycliffe as an industrial centre has a totally different background. Its work-force is more diffuse. The development corporation says that the spirit of the mines is still in evidence at Peterlee, which gives it a form of social cohesion, but that this feeling is missing at the sister new town on the other side of the A1.

Retraining

Newton Aycliffe has its industrial roots in a local ordnance factory which bequeathed it a working population from different parts of the country; many of these workers stayed on. It was also a relatively unskilled workforce, though that has changed to a considerable extent with the requirements of industry. The corporation says companies have come across very few difficulties in terms of retraining.

Washington Development Corporation argues that new companies have virtually no difficulty in obtaining the labour relations structure they want. Some older companies on the industrial estates complain about union restrictions but that is common pretty well everywhere in the UK.

Dunlop claims its manufacturing site at Washington is its most efficient operation in Europe—though that does not preclude disputes over working arrangements. The company recently suffered a strike related to shift working.

The corporatinon cites one particular example of the adaptability of the workforce. Eighteen years ago Washington had four active coal pits employing 3,000. All have now closed and the bulk of ex-miners of working age have been fairly easily retrained. Retraining has also been a success story at Killingworth and Cramlington.

An insight into the kind of labour available for some of these new towns is given by Employment Department statistics on the unemployed. In September last year in the Tyneside and Wearside area there were more than 10,000 unemployed who possessed skills in metal and electrical processing; nearly 4,000 in the processing of other materials as well as 9,000 ex-clerical workers and more than 6,000 "professional" people.

The relative lack of high technology skills generates concern among some development corporation managers. They realise, though, that it is a question of chicken and egg. They would have more of these skills if there were more high technology industries in the area. Correspondingly, they might be able to attract such industries more easily if they had more skills to offer.

Such areas as the North East are at a disadvantage once a high technology industry like computers latches on to a few areas—as it has done on the Bristol-London axis in parts of Scotland—from which it will naturally suck in other related industries.

The North East has an array of major universities, polytechnics and training colleges in Newcastle, Sunderland and Durham as well as small teaching institutions in other parts of Durham and Wearside. Most of these are within reasonable daily driving distance of all the new towns.

Meetings

The development corporations are trying to encourage more high technology teaching. The Washington Development Corporation, for example, has regular meetings with the principals of some of the region's teaching establishments to discuss industry's needs.

Skill centres and other forms of trade-teaching institutions, many geared to the unemployed, are dotted around the region.

Aycliffe has the South West Durham Training Centre, which has up to 200 places for teaching young people industrial skills with particular emphasis on engineering. But this is running low at the moment with only about 110 places filled. Peterlee has its own Industrial Training Trust organised on similar lines and funded by the Manpower Services Commission. It also has a technical college.

Newton Aycliffe runs a key training course on how to run a business which includes simple accountancy advice. There is also a training centre for the disabled at Aycliffe but this is under threat from local authority cash cutbacks.

Felling, just north of Washington, has a 660-place skill centre. Its main emphasis is on mechanical engineering but it is gradually moving towards electrical engineering and electronics. The skill centre at Durham has several hundred teaching places.

There is no skill centre in Washington itself but the development corporation is hoping to establish a training workshop, sponsored by local business with Manpower Services Commission funding and mainly designed for school leavers.

THE PROPERTY MARKET BY ANDREW TAYLOR

American banks look further afield

ANOTHER leading U.S. bank in central London is seriously considering the costs of operating offices in the heart of the capital. Chemical Bank has already decided to decentralise some of its London operations to Cardiff.

Bank of America with offices in Cannon Street and Ludgate Hill, has asked St Quintin, chartered surveyors, to conduct a detailed study of the costs of operating offices elsewhere in London, away from the main central area.

Bank of America would say no more than that it had no plans to decentralise any of its operations away from the capital. But this does not rule out the possibility that some of its businesses may eventually be located elsewhere in London where rents, rates and other overheads may be cheaper.

Other American banks currently housed in expensive central London offices are also thought to be reassessing their space requirements. Some of these are fast outgrowing their present accommodation and may wish to satisfy future space requirements by looking for offices either elsewhere in London or away from the capital altogether.

Earlier this month Chemical Bank announced that it would be moving some of its operations to Trafalgar House's 56,500 sq ft office development at Fitzalan Place in Cardiff, where it is thought to have agreed a rent of about £5 a sq ft.

Debenham Tewson and Chinnocks, one of the agents which handled the recent in letting to Chemical Bank in Cardiff, says: "A number of overseas banks in London have expanded over the years: from representative offices to branch status and beyond. With this expansion, the amount of clerical back-up needed has also risen.

"If overseas banks cannot satisfy their growing space requirements in the traditional central banking area it would seem logical that some would wish to consider decentralising some of these operations in the same way that the British clearing banks and insurance groups have decentralised some of their clerical functions outside the main London area."

Over the last decade the trend has been for overseas banks, unable or unwilling to take space in the main financial area, to drift westwards, slightly away from the heart of the City. Chemical Bank for example took space at the Aldwych; Bank of America and Credit Lyonnais now have offices in Cannon Street.

It now remains to be seen whether a more pronounced trend will emerge of overseas banks expanding further away from the central area.

UK leanings at L & G

THE FAST expanding development portfolio of Legal and General Assurance (Pensions Management) seems likely to continue to grow significantly over the next few years, judging by the comments this week of Keith Hall, the fund's manager.

Despite his cautions that prospects for immediate rental growth in some sectors of the property market appears limited, the fund has no misgivings about the relative attractions of commercial property as a long term investment. It sees new development as the principle vehicle for the continuing expansion of its property interests.

The fund, a subsidiary of Legal and General, one of the country's biggest insurance groups, now controls assets of more than £2bn. It is Britain's largest pension fund company and traditionally has had a strong commitment to real estate investment. Last year investment in new property development in Britain and overseas rose from £24m to around £35m. Total new investment in property, including refurbishments and purchases was £41m compared with £47m in 1980.

The bulk of new development money, around £30.5m, was spent in the UK, a trend which Mr Hall says will continue despite the popular trend for pension fund investment in U.S. real estate.

"It is not that we are opposed to making investments in U.S. property. We have a successful office development of 285,000 sq ft in Houston, now 95 per cent let. It is just that we believe that there are still some very good development opportunities untapped in the UK," says Mr Hall.

Opportunities recently tapped by the fund include: Its 200,000 sq ft development with MEPC at Long Acre in London's Covent Garden; a 150,000 sq ft office block in London's Euston Road let to Davy McKee; a 330,000 sq ft Arndale shopping centre at Eastbourne, Sussex.

The value of the property portfolio managed by the fund rose from £711m to £859m last year and Legal and General says that its faith in property investment is justified by the return of over 19 per cent which the property fund has averaged over the past five years.

In 1981 the price of property fund units rose by 17.7 per cent compared with a 10.9 per cent rise in the UK ordinary share fund, a 15.9 per cent increase in overseas equities and a 3 per cent increase in the fixed-interest fund.

● A MAJOR new £6m office development is being undertaken at Swindon, Wilts., by Redlake Securities, the Birmingham-based developers. Detailed planning permission has been given for a self-contained, 42,000-sq-ft-gross office block. Joint letting agents are J. P. Sturge and Sons and Healey and Baker.

● A £12m industrial warehouse scheme is planned by Gabriel Securities following its acquisition of the former Kodak Camera factory at Stevenage, Herts. A 235,000-sq-ft development is planned on the 11½-acre site. Units will be from 40,000 sq ft upwards. Gabriel has obtained planning permission to demolish the existing Kodak premises built in the 1950s. King and Co. acted for Kodak and Gabriel were advised by Russell Cash and Co.

● Royal Life Insurance has paid around £1m for shop premises—on a sale and leaseback arrangement with Portsea Island Mutual Cooperative Society — at numbers 7/8 High Street, Winchester, Hants. The store comprises more than 14,000 square feet of sales area. Agents handling the deal included St Quinton, Milton Marlowe and G. L. Hearn and Partners.

● Chesterfield Properties has been chosen from a shortlist of six developers by Sheffield City Council to build a 313,000 square feet shopping centre together with community and recreational facilities at Mosborough, a few miles south east of Sheffield city centre. It is expected that the scheme will take three years to complete with work expected to start on site in 1982.

INTERNATIONAL NEWS

New fund for U.S. investment

THE DEBATE over UK investment in U.S. real estate took a new turn this week as two important money management names—both of which have been in the limelight recently—combined to form a U.S. real estate investment vehicle for pension funds and charities.

Robert Fleming, one of Britain's largest investment management groups, has combined with Connecticut General Corporation, the seventh largest U.S. life assurance group, to produce a draft prospectus for Fleming American Property Unit Trust. The product still needs final approval from the Department of Trade.

This particular vehicle is expected to be a $100m fund within a few years; and both Congen and Fleming say they will be surprised, after 18 months of planning, if their association does not take them into further projects in future.

Both of the proponents can confirm that investment management is a volatile business. Last year Congen lost over a quarter of the property funds under the management of its subsidiary Congen Realty Advisory Company (CRAC). First the British Coal Board pension funds made an abortive $267m bid for the CRAC managed Connecticut General Mortgage and Realty Investment. The Coal Board funds eventually withdrew from the fray in the face of a successful offer of $340m from Prudential Assurance of the U.S.

This still left Congen with some $750m of property under its management at the end of last year. Its proposed merger with INA, another major insurance group, would leave the combined businesses as the largest publicly owned insurance group in the U.S. with a combined equity base of slightly over $4.2bn.

Meanwhile in the UK Fleming has also been making news in the financial pages. Its plan to reorganise investment trusts under its management, worth $673m, has been frustrated by opposition from institutional investors including London and Manchester Assurance.

Since 1970 it has been running the Fleming Property Unit Trust, now the second largest unit trust for gross fund investment in UK property at £260m. Overall, Fleming, together with its associated companies, currently has funds advised or under management totalling around £6bn.

In terms of moving real money, a combination of respectability and track record may be what is needed to move smaller funds into the U.S. property market. The market is a "positive minefield" in terms of legal and tax problems, according to a Fleming competitor, and potential investors will have to choose their investment vehicles carefully.

William Cochrane

Frankfurt HQ letting

WEATHERALL Green & Smith have let a 16,000 sq metre headquarters building at Schwalbach, north west of Frankfurt, to Data General. Rentals for the remaining 2,000 sq metres of offices, and 9,000 sq metres of warehousing, are quoted at DM 15 and DM 9 per sq metre respectively.

● Also in West Germany, Zadelhoff Deutschland has sold a Salzgitter supermarket property for a Dutch institution to a German closed-end fund for DM 11.2m. Net lettable space is 7,250 sq metres on two floors with a site area of over 30,000 sq metres.

● The 50,000 sq ft Hedaya House office block in Government Road, Manama—Bahrain's principal office centre—has been let by Debenham Tewson & Chinnocks at rents in the region of Bahraini Dinars 8 per sq metre per month (about £12 per sq ft per annum), the first time such levels have been reached since the market peaked in 1976-77.

INTERNATIONAL PROPERTY

FT COMMERCIAL LAW REPORTS

No underwriters' indemnity for aircraft loss

BALFOUR v BEAUMONT AND OTHERS

Queen's Bench Division (Commercial Court): Mr Justice Webster: February 18, 1982

WHERE A reinsurance slip renews an earlier policy, unclear words in the later slip should be construed in the context of the earlier policy as well as in their immediate context; and if the meaning is clear in the earlier policy and was apparent to underwriters when they initialled the later slip, there is an assumption that the same meaning applies on both occasions.

Mr Justice Webster so held when refusing declarations sought by Mr C. J. Balfour on his own behalf and on behalf of all other members of Lloyd's Syndicate 619, that he and the syndicate were entitled to be indemnified under a reinsurance *slip policy for losses arising* out of an air crash. The defendants were Mr D. A. Beaumont, sued on his own behalf and on behalf of all other members of Lloyd's Syndicate 448, Mr V. R. Judges, sued on his own behalf and on behalf of Lloyd's Syndicate 179, and Turegum Insurance Company Limited.

* * *

HIS LORDSHIP said that in 1971 the underwriting of aviation risks on the British aircraft market could be categorised into three classes: (1) policies declared under aviation products line slips; (2) policies shared on a vertical basis, mainly with U.S. domestic insurers, the United States Aircraft Insurance Group (ASAIG) and the Association of Aviation Underwriters (AAU); and (3) facultative policies placed wholly in London on the open market.

A "line slip" was an authority or "facility" in writing by a number of underwriters which enabled the leading underwriter to agree to insurance proposals on behalf of all underwriters subscribing to the line slip.

Sharing a risk on a "vertical basis" meant that different shares of the total risk were underwritten by two or more insurance markets, eg 35 per cent in the U.S. markets and 65 per *cent in the London market.*

A "facultative" insurance was insurance placed with and written by each underwriter individually rather than under a pre-existing arrangement such as a line slip.

*

The plaintiff underwriters in the present case had subscribed for a number of years to an aviation products line slip, and also shared the risks of the larger aircraft manufacturers on a vertical basis with USAIG and AAU.

In 1969 the plaintiffs reinsured with the defendant insurers against certain of their losses, under a reinsurance slip policy. A "slip policy" was a short *form policy of reinsurance constituted only by the slip wording* prefaced by a pro-forma policy.

That reinsurance was renewed in 1971. The definition of the interest covered was "to reimburse the reassureds for all sums payable in respect of liability occurring under the ABC (Aircraft Builders Council) scheme and similar products policies placed on a vertical basis with USAIG and AAU."

The ABC scheme referred to was a line slip facility covering products liability, written largely on the London market.

In 1972 the reinsurance was renewed again, but with slightly different wording. The plaintiffs were reinsured against "losses occurring during 12 months at December 1 1972 and/or as original." The interest defined was ". . . to reimburse the reinsured for all sums payable in respect of liability occurring under the London market aviation products line slips, which includes products policies placed on a vertical basis with American domestic insurers . . . and similar policies."

On March 3 1974 a Turkish Airlines DC 10 crashed near Paris. Its manufacturers were insured under a facultative insurance with the plaintiffs. The plaintiffs paid out in respect of the accident, and then claimed *for their losses under the 1972* reinsurance slip policy.

*

The defendants said that the facultative insurance was not covered by the slip policy, and that even if it was, the policy did not cover any loss occurring after November 30 1973.

Whether the facultative insurance was covered by the 1972 reinsurance depended on the construction of the interest in the slip policy. That involved the meaning to be given to the words "and similar."

It was necessary to construe the slip policy in its immediate context, the context of documents referred to in the slip, relevant documents which were read by the underwriters when they initialled the slip, and other background documents and facts.

As the 1971 slip was presented to the underwriters when they initialled the 1972 slip, and as there was no other reference in the 1972 slip to "similar products policies," one would assume that "similar" in the two slips had the same meaning.

In 1971 "similar" could only have meant products policies (placed on a vertical basis with USAIG and AAU) similar to policies "under the ABC scheme." The similarity was between policies issued under the ABC scheme and policies placed on a vertical basis.

It was clear that the only policies to which express reference was made in the 1972 slip were policies issued under the "original" line slip and vertical policies. Thus, "and similar products policies" in the 1972 slip meant: "and (other) products policies which have similarities in common with each other and with products policies placed on a vertical basis."

*

The 1972 slip was not to be construed as extending to any *additional class of policies.*

Even if the facultative insurance were included in the cover, there remained the question as to whether it came within the period of reinsurance. That depended on whether the reinsurance was on a "risks attaching basis" or a "losses occurring basis." If it was risks attaching, the reinsurance covered all direct insurances attaching for the full period of the direct insurance. If it was on a losses occurring basis, it covered only the period on the reinsurance policy. The reinsurance period specified in the slip was "during 12 months at *December 1 1972 and/or as* original." If that period were defined simply as "losses occurring during 12 months at December 1 1972," the basis could only be losses occurring.

The document should be looked at as a whole, and should be read in conjunction with the 1971 slip policy. That slip policy would probably have been construed as being written on a losses occurring basis, covering December 1 to November 30. There was nothing in the 1971 policy or in the information contained in the slip to indicate that the basis had changed. The 1972 slip policy was therefore *on a losses occurring basis.*

The plaintiffs were not entitled to be indemnified for their losses.

Judgment for the defendants.

For the plaintiff: Adrian Hamilton QC and John Thomas (Ince and Company).

For the defendants: Jonathan Mance and Jonathan Gaisman (Herbert Smith and Company).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ROLLS RAMBLER, who had to miss last season through injury, makes his long awaited reappearance today in the Gibbs Land Rover Hunters' Chase over three miles at Kempton. It will be fascinating to see how the Uplands 11-year-old, who won five consecutive races before his lay-off, fares against Dancing Brig and Jack Madness.

I suspect he can win. A top class hunter chaser two seasons ago and ranked in the same category as Spartan Missile, last year's winner, Rolls Rambler would not be in today's line up were Fred Winter unhappy about his fitness.

Whatever Winter's fate with the hunter chaser—a 33-1 chance for the April 3 renewal of the Sun Grand National—he seems sure to extend his winning sequence because he also fields good prospects in Prayukta, Princeton, Arctic Warbler and Plundering.

Prayukta need only reproduce the form which saw him carrying 5 lb overweight to third place behind Anaglog's Daughter and Beacon Light at Doncaster to make a long awaited return to the winner's enclosure. He has just two to beat in Spin Again and Tower Moss.

However, the best bet from the Uplands quintet is probably Plundering, among the runners for the second division of the Ashford Novices' Hurdle.

After winning on his hurdling debut here in October, Plundering could not catch Bold Yeoman on a return to the course for a division of the Vauxhall novices hurdle. But he put up a creditable performance in failing by only three quarters of a length to give 3 lb to the winner. He has less to do this time.

KEMPTON
1.30—Prayukta*
2.00—Great Light
2.30—Kalkashanndl
3.00—Rolls Rambler
3.30—Arctic Warbler
4.00—Plundering***
SOUTHWELL
2.45—Bambers Security**

COMPANY NOTICES

THEATRES

CLUBS

OBITUARY

PERSONAL

TELEVISION

Chris Dunkley: Tonight's Choice

I don't like war, nor most of the people who seem to flourish in wartime, and I despise the hypocrisy inherent in making up playground-style "rules" for an activity which starts off outside any proper moral code. Yet I have to admit that war, the people who succeed and fail in it, and the making and breaking of those rules have served as the subjects for some of the greatest art ever created: painting, music, poetry, prose and drama. It is one of the great and sad paradoxes of the human race and I don't expect it to be "explained" by tonight's BBC-2 "Playhouse" How Many Miles To Babylon? Yet if Jennifer Johnston's original book is anything to go by it could be a powerful drama. The two young Irishmen in Flanders are played by Daniel Day-Lewis and Christopher Fairbank, the music is specially written by Geoffrey Burgon who was responsible for "Brideshead" and "Tinker Taylor" and Moira Armstrong directs.

BBC-1 offers Ballroom Champions which shows today's perfectly respectable dancers in the wonderfully revealing costumes that they now wear for Latin American contests.

BBC 1

6.40-7.55 am Open University (UHF only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 *Bagpuss.* 2.02-3.00 *For* Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Finders Keepers. 5.05 Grange Hill. 5.35 Ivor the Engine.

5.40 News.
6.00 Regional News Magazines.
6.22 Nationwide.
6.40 Sportswide.
6.50 International Superstars from Hong Kong: The Townsend Thoresen Trophy.
8.00 Fame Is The Spur by Howard Spring (last in series).
8.50 Points of View with Barry Took.
9.00 News.
9.25 McClain's Law starring James Arness.
10.15 Face the Music (London and South-East only).
10.45 News Headlines.
10.50 Ballroom Champions from the Hammersmith Palais, London.
11.35-1.15 am The Late Film: "The Devil's 8," starring Christopher George.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
3.55 pm Around with Alliss.
4.25 The World Land Speed Record.
5.10 Pilgrimage.
5.35 Weekend Outlook.
†5.40 "Sherlock Holmes And The Secret Weapon," starring Basil Rathbone.
6.50 Dear Heart.
7.15 Cartoon Two.
7.25 News Summary.
7.30 Heroes.
8.00 Gardeners' World.
8.25 Newsweek.
9.00 Playhouse.
10.50 Newsnight.
11.35 Friday Night . . . Saturday Morning.
12.25 am Open University.

LONDON

9.35 am Schools Programmes (half-term repeats). 11.55 Comic Stories. 12.00 Song Book. 12.10 pm Once Upon a Time. 12.30 Wild, Wild World of Animals. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. †2.45 Friday Matinee: The Crazy Gang in "Gasbags." 4.15 Dr Snuggles. 4.20 Razzmatazz. 4.45 The Haunting of Cassie Palmer. 5.15 Square One presented by Joe Brown.

5.45 News.
6.00 The 6 O'clock Show presented by Michael Aspel, with Janet Street-Porter and Fred Housego.
7.00 Family Fortunes presented by Bob Monkhouse.
7.30 Hawaii Five-O starring Jack Lord.
8.30 The Gaffer starring Bill Maynard.
9.00 We'll Meet Again starring Susannah York and Michael J. Shannon.
10.00 News.
10.30 Bizarre.
11.00 The London Programme: Beating the Muggers.
11.35 Thriller.
12.55 am Close: Sit Up and Listen with Robert Kilroy-Silk.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

11.33 am Survival. 12.30 pm Anglia News. †2.45 Friday Film Matinee: "Time Gentlemen Please." 6.00 About Anglia. 7.30 The Fall Guy. 11.00 [illegible]

What's On Where, and Weather. 2.45 The Friday Matinee: "Cheaper By The Dozen." 5.15 Emmerdale Farm. 6.00 Channel Report. 6.35 Brown Study. 7.30 Hart to Hart. 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.40 Mysterious Tales. 10.50 Continental Cinema: "The Priest's Wife." [illegible]

10.30 The Good Neighbour Show. 11.00 The Late Film: "Order To Kill," starring Helmut Berger.

HTV Cymru/Wales—As HTV West except: 11.34-11.49 am About Wales. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Yr Ynys A'r Ffin. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Outlook.

Honduras," starring Glenn Ford and Ann Sheridan. 5.15 Watch This Space. 5.30 Coast To Coast. 6.00 Coast To Coast (continued). 6.30 Friday Sportshow. 7.30 The Fall Guy. 11.00 Horror: "Devils Of Darkness," starring William Sylvester. 12.40 am Company.

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

YORKSHIRE

RADIO

RADIO 1

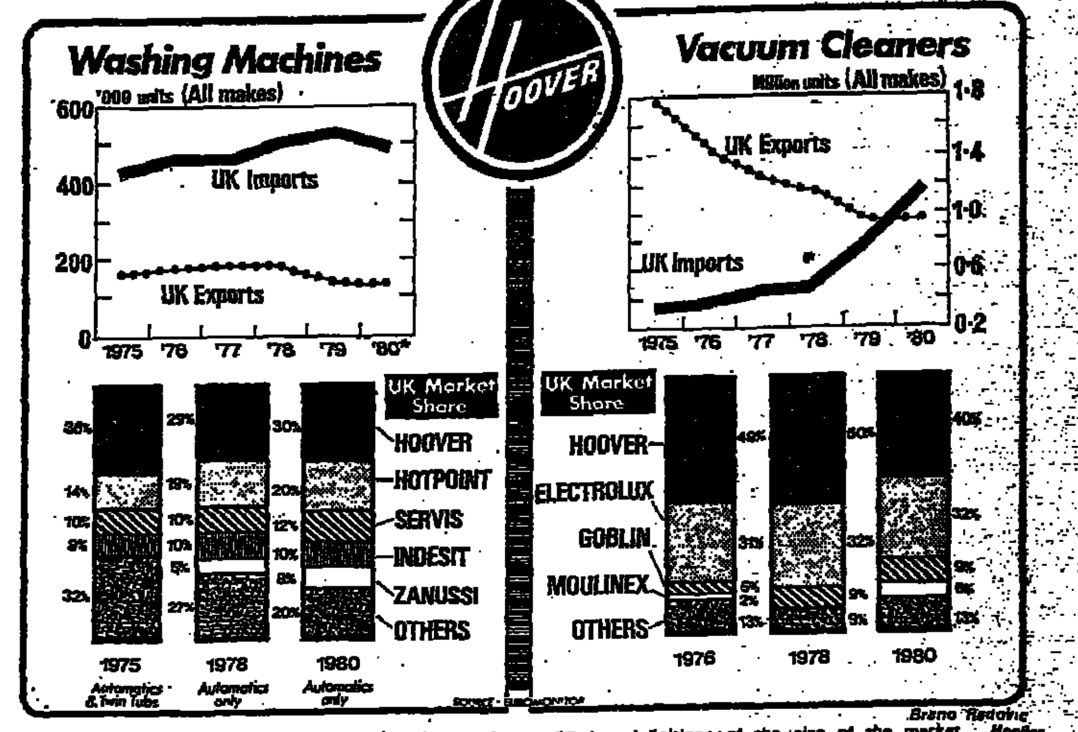
RADIO 2

RADIO 3

RADIO 4

Why Hoover hit hard times

Jason Crisp on the appliances group's problems and how it hopes to survive in the UK



Estimates of market share vary very widely, depending partly on differing definitions of the size of the market. Hoover calculates that in 1981 it held 33 per cent of the UK vacuum cleaner market and 25 per cent of the washing machine market.

IN THE early 1900s William H. Hoover, better known as "Boss," would gather thousands of his door-to-door salesmen to his Ohio farm for days on end, in a great jamboree of singing the company song and other forms of group motivation. They were celebrating the booming success of his electric suction sweepers, soon to become a symbol of cleanliness and modernity in the home.

For the best part of 50 years the company's success continued, on both sides of the Atlantic, first as the product literally swept the market, and then as the all-important British subsidiary exploited its unchallenged brand image to branch out into washing machines.

Since the mid-1970s, however, the jubilation has been replaced, first by a painful lament, and most recently by the strains of what could turn out to be a funeral march. In the U.S. itself, Hoover has managed to fight back against tough competition from domestic cleaner manufacturers and its chief international rival, Electrolux, but it is under heavy criticism for its failure to diversify away from its single line of products in what is a near-saturated market.

But the chief cause of the U.S. company's woes—culminating in a plunge into the red last year—was a slump in its overseas business, almost all of which originates from its British subsidiary.

Unusually for an American company, nearly 70 per cent of Hoover's sales are made abroad, with the UK accounting for well over a third of the total and much of the rest being exported from the British plants. The UK's contribution might have been even greater had Hoover Limited not been losing both market share and profitability, thanks in part to its slowness to cut overheads and launch new products as a response to intense competition and weakening markets.

The figures shown in the illustration tell only half the story, since they have been achieved by gradually paring margins to the bone — and then further still.

Having shocked the British market last October with the decision to close its famous art deco factory at Perivale, in West London, as part of a 1,800 job cutback and rationalisation programme, the company followed up on Wednesday with the revelation of its worst-ever loss, a thumping £31m, for 1981.

Asserting that the worst was now over, a senior company executive claimed that "we are very effectively getting our costs down . . . at long last we are getting it right." He declared that with its new range of cleaners and washing machines, plus a much stronger thrust into the market for security devices, Hoover was now going for "a product-led recovery."

out of ten of the Innocenti's

Many investment analysts consider that this is Hoover's last chance to save its UK operation. Between them, they and sources in the domestic appliance industry (including some eminent retailers) accuse the company of low productivity, bad labour relations, weak marketing, under-investment and, in general, unresponsive management.

More specifically, there are three sets of complaint. First, that the company has failed to reduce its manufacturing costs to the same extent as its competitors; second, that the product range has been too narrow; and third, that its marketing has been spoiled by a "weak" discounting policy.

Just about the only extenuating circumstances which outsiders cite in its favour are the unpredictability of UK economic policies and conditions, the intensity of foreign competition—especially from East European vacuum cleaners and Italian washing machines—plus the recent strength of the pound. Yet the fact remains that other appliance companies—though not all of them—have managed to succeed in the UK in the same conditions, or at least to revive themselves without going through as prolonged an agony as Hoover.

As market leader in both its main product lines, Hoover certainly suffered more than most from the continual tampering with purchase tax rates (later VAT), changes in hire purchase regulations and a "stop-go" economy.

Dumping

These are often blamed for the current high level of imports into the UK.

The imports, which first swept in with the Barber boom of 1972-73, come mainly from Italy from companies like Zanussi, Indesit and Candy. Often accused of dumping by Hoover and others, these manufacturers have retorted that high investment in automated manufacture made them more efficient.

Though less of a problem, the vacuum cleaner market has not been immune to foreign incursions, either, and Hoover lost a share in the cylinder cleaner market. In addition to imports from West Germany and France there has been a very sharp increase of deliveries from Poland, East Germany and Czechoslovakia.

At the very bottom of the market, the East European imports are generally sold through mail order catalogues. AMDEA has lodged a complaint with the European Commission that some of the vacuum cleaners are being dumped.

At the same time Hoover complains that its exports from the UK have been hit recently by the combination of UK inflation and the strength of the pound.

Though they may not all be as export-intensive, several of Hoover's competitors have fared much better on the UK market in these conditions, which have been compounded by the recession.

For example, Philips' Halifax factory producing washing machines and tumble driers, has increased sales by 400 per cent since 1977, albeit from a much smaller basis. Ralph Cohen, its managing director, attributes the growth to the design and quality of the product, the move down from the top end of the range into a middle price bracket, and to the 10-year guarantee which Philips offers on major parts.

Cohen also points to various aspects of flexible manufacturing which have helped the company keep stocks to a minimum.

At one stage Hotpoint's troubles seemed to be as bad as Hoover's, but it now says it has increased market share and the latest figures from GEC, its parent company, show an increase in profitability from domestic appliances.

In vacuum cleaners, Electrolux has managed to hold its UK market share and it is thought still to be making profits in Britain. This is attributed to several factors, including the flow of new products and to adequate levels of productivity in its large Luton plant even though this has been automated to a lesser extent than its Swedish facilities.

It is Hoover's manufacturing performance which underlies many of its troubles in both main product lines. The most public evidence of problems, of course, have been strikes and other industrial action, such as those at the Merthyr Tydfil washing machine and tumble drier plant in 1979.

Absenteeism

Merthyr has had a particularly poor reputation for labour relations and productivity. At one stage absenteeism was reported to be running at 20 per cent. But this was only one aspect of the problem. Though Hoover did cut back its labour force in the late 1970s, many observers feel a more thorough attack on unit costs should have been made well before last autumn's exercise.

According to one analyst, in the years when vacuum cleaners were still making a respectable return, "Hoover allowed its highly profitable cash flow from them to finance Merthyr to an extent which defied gravity."

Though Hoover hopes its latest cuts in the work force will get its costs onto the right footing, and claims there has been a "dramatic" improvement in productivity at Merthyr, one analyst argues that "the main beneficiary of the reorganisation is cleaners—washing machines are still a problem."

The current rationalisation programme is as follows. Closure of the Perivale factory will remove over 1,000 jobs. Production of its floorcare products—mainly Hoover Junior vacuum cleaners—is being transferred to Cambuslang in Scotland, where employment is being cut by 400. Assembly lines have already been moved, and only parts are being made in Perivale by a reduced workforce. The factory is due to close in the summer.

At Hoover's third plant, in Merthyr, a further 400 jobs are to go, bringing the workforce down to a level of 2,000, compared with 5,000 at its height.

Once the reorganisation has been completed Hoover will employ 5,800 in Britain, compared with 13,000 in 1978 and 10,000 at the end of 1980.

Together with this swingeing cutback has gone the injection of £20m in capital investment over the last five years, much of it on new machinery. This gives hope to some outsiders, such as David Johnson, managing director of Rumbelows, the large electrical retailers. "The moment they get their costs right their problems will largely be over," he says. "I don't believe in the threat of imports. East European vacuum cleaners do look like East European vacuum cleaners."

But one of his main competitors puts more emphasis on the need for changes in product policy. Richard Ford, marketing director of Currys, believes that Hoover's product range has been too narrow and in need of rejuvenation. This, he hopes, will be overcome by the new range of equipment now being introduced.

Hoover has recently launched a new range of redesigned and quieter cylinder vacuum cleaners which are being made at its factory in Dijon, France.

The company has also introduced a new line of washing machines, including two models priced at below £200, taking it for the first time into this market segment which is almost entirely dominated by the Italians.

Whether Hoover will alter its discounting policy remains to be seen. This is one of the aspects of marketing policy most frequently criticised by its competitors. They claim Hoover has been too weak with the very big purchasers and that the range of prices from the company varies very widely. "A lot of retailers will not sell Hoover as they don't make a profit on it," said one.

As a result, there are reports of shops stocking Hoover to attract customers, and then steering them towards competitive machines from, say, Hotpoint or Zanussi, where margins (and the salesmen's commission) are higher.

Security

Whatever the uncertainties in this department, there is no doubt that Hoover is going to adopt an aggressive diversification policy with home security products, which chalked up £6m worth of sales for it in 1981. The company is launching a £500,000 advertising campaign for its new Thiefcheck range which includes locks and bolts for windows and doors, and kits of home alarm systems. Hoover hopes to get a 25 per cent share of the UK market—which it estimates at £200m a year—and 15 per cent on the Continent.

Though it claims the market is very fragmented, Hoover faces fierce competition in home security from, among others, well-known names like Chubb. Hoover may also move into home security in the U.S.

One of the questions about the long-drawn out saga of Hoover's difficulties which puzzles many observers is that, for a U.S.-owned company, there have been relatively few management changes in Hoover Limited. The major one was last August, when Gwynne Lloyd, a chartered accountant who had been managing director since 1974, resigned unexpectedly for "personal reasons" shortly after the announcement of a £6m loss for the first six months.

He was succeeded by Peter Goode, the marketing director and long standing Hoover employee, who is credited by some with instilling a more aggressive marketing stance in the intervening months.

Though "rationalisation costs"—including £13.5m in redundancy payments—accounted for over half Hoover's 1981 loss, its financial position would clearly take some time to recover, even without the recession. Hoover still has an enviably strong brand name on which to build, but several retailers point out that this will not last for ever. "They have a limited time in which to recapture the British public and capitalise on their goodwill," says one.

In the meantime the parent company has begun acting like a true American multinational. A major expansion and modernisation of its vacuum cleaner plant in Dijon represents a decision to reduce its heavy dependence on the troubled UK operation.

"BOSS" Hoover founded his company in North Canton, Ohio, in 1908. Exports to Britain, from a Canadian factory, began immediately after the First World War. By the 1930s UK sales had reached such a pitch that the company decided to start manufacture in Perivale; a flotation of the subsidiary's shares was made in London in 1937. The parent company now owns 73 per cent of the voting shares of Hoover Limited, and 48 per cent of the non-voting stock.

The poor performance of the UK company is not the only deterrent to any predator who would like to fulfil the wishes of Wall Street and bid for U.S. Hoover. As Fuqua Industries found in 1979, the Hoover family's 35 per cent stake provides a solid base for defence against an unwanted takeover.

Merle Rawson, the U.S. chief executive, has said that Hoover itself is looking for further acquisitions in the U.S. to follow up its 1979 acquisition to an industrial cleaning company, Chemko.

This will not be the first time the parent company has embarked on the diversification trail. Herbert Hoover, grandson of "Boss" and the last family member at the helm acquired a number of companies in the 1950s which made small electrical domestic appliances, notably steam irons. His successor, Felix Mansager, continued in a similar expansionist vein.

But when profits collapsed in 1974 he stepped down to be replaced by Merle Rawson, who disposed of the small appliance interests, turning U.S. Hoover back into a company with a single product line.

An analyst who follows Hoover closely says that Rawson's strategy had been to increase the company's domestic sales (it had been losing market share to Sweden's Electrolux and Eureka, a U.S. vacuum cleaner maker), and to make the international side profitable. It succeeded in meeting his domestic target, but as the analyst says, "It just didn't recognise how severe the problems in the UK were."

THE ARTS

Round House

Edward II

by ROSALIND CARNE

Brecht's first verse play (1923) is a close adaption of the Christopher Marlowe original of 1590. But where Marlowe traces the terrible social and personal consequences of a regal infatuation, the later work concentrates on brutal power struggles, as much familial as feudal. The linear narrative twists around pacts and allegiances betrayed, accentuated in Roland Rees' excellent production by actually tearing the paper of repeated useless contracts. This adds nice weight to the ambiguous little note which determines the King's murder at the end.

It is an ambitious project for Foco Novo, part of the company's policy of reviving lesser known classics to complement the new writing on which they have built their reputation. Let us hope they, and groups like them, continue to have the use of this marvellous theatre. Having managed a sneak preview at the bleak and shallow Ashcroft Theatre, Croydon, I marvelled once again at the way in which the Round House stage lends itself to direct communication with the audience, so crucial in Brecht.

David Dixon's Edward makes good use of every inch of ground, building a quasi-conspiratorial relationship with his spectators, only to be swept aside as another manipulator usurps his place. What kingly stature he can muster hangs as much on his blustering and wilful injustices as on the sceptre he grabs at his coronation. Unmistakably effete, he is never camp, just as he can be emotive about his lover, Gaveston, without losing track of the thought behind the role. Ian Hogg is a fine counterpart as the menacing Mortimer, "a man of cold passion." With curious balance, Mortimer plays out this heartless creature with terrible feeling, just as Edward in the midst of hysteria, hints at the quiet tick-tock of the cerebral.

It is a demanding play, with scenes of ferocious intensity staggered like knots along the thread of story-line. Foco Novo race through without the conventional Brechtian extras such as posters or slogans. Their mainly period costumes are offset by the odd clown nose, corduroy jeans and a strange cowgirl look for Queen Anne in the second half. Beth Morris has problems in the role; she is unnecessarily crude, overblown and ultimately weak. This is a major setback for she is central to the action and participates in two of the most exciting confrontations — her unwilling agreement with the King to draw Mortimer to her side and her extravagant commitment to the new liaison.

Adrian Vaux has designed a vast wall against a brick floor with two wooden catapults in the wings which double effectively as ramps. Eddie Sayer has composed a thunderous percussive score, replete with gongs and the drums of war, though the latter are a little overworked.

ICA Theatre

Real Time

by ANTHONY CURTIS

Joint Stock began life as a group using the minimum of apparatus (hence facilitating one-night stands in rather basic acting-areas). Its original directors were William Gaskill and Max-Stafford Clark. It occupied the Royal Court for a time and also gave us a notable version of *The Ragged Trousered Philanthropists* at the Riverside. There was no small amount of aggression, of alienation-effect about those early performances. The main article of faith was that the script was a mere starting-point. It was, Joint Stock affirmed, during rehearsal that the nature of the work emerged, through the actors improvising on the roles and situations suggested by the writer. In other words, in Joint Stock, performers are given creative parity with director and author.

This process has been continued in *Real Time* which has just opened at the ICA Theatre. The play is described in the programme as "drawn from the collective ideas and experiences of the company," and these have been "structured and directed by Jack Shepherd." The basic theme is life in London now, and each member of the seven-strong team is required to impersonate several inhabitants of the great wen. We begin somewhere up North where a girl, stifling in boredom at a church social, decides to kick over the traces, and leave home after a fearful row with her father, the minister. She opts to try her luck in town. What she and others find in London is the substance of the rest of the evening, occupying a loosely connected sequence of scenes.

The old Joint Stock notion of minimal properties has clearly been modified and so has the reluctance to use the kind of stagecraft one associates with mainstream West End work. The result is a piece of theatre which is enjoyable throughout and full of gratefully seized acting opportunities by the members of the talented company. The hub around which they revolve is a blatantly on-the-make, gay, art-gallery owner, well played by Chas Bryer, with whom most of the other characters are at one time or another employed or emotionally entangled. From Bernard's swish clip-joint premises we move to a variety of bed-sitters, flats, family houses and hospital beds. A complex web of communication is woven by telephone—an instrument used more extensively in this play than at any time since the days of John Van Druten.

Although one relates sometimes powerfully to each episode, one does not relate to the play as a whole. The audience is required to parcel its sympathy over too many different areas and characters rather than to make the one big offering required by a real play. The dissipation of dramatic energy that follows from the lack of any ultimate author's intention is something that this interesting company ought to consider, especially when as in *Real Time* the energy has been so splendidly generated.

Cinema

Paler shades of red

by NIGEL ANDREWS

Reds (AA) Empire

Absence of Malice (A) Odeon, Leicester Square

Taps (AA) Plaza 1, Classic, Chelsea

Warren Beatty's *Reds*, photographed by Vittorio Storaro in a dazzling shimmer of velvet-soft colours and afloat with charm in the lead performances of Beatty and Diane Keaton, is perhaps the most perniciously doe-eyed epic about the birth of Communism ever committed to film.

It's the story of John Reed, the American journalist who wrote *Ten Days That Shook the World*—hymned by many as the best-ever eye-witness report of the Russian Revolution—and co-founded the American Communist Party. Between-whiles Reed fell in love with and married bohemian blue-stocking and beauty Louise Bryant, who wowed America's smartly unsmart set in the 19-teens with her poetry and proto-feminism.

Beatty and Keaton haul us unresisting, even happily pliant, *through the early reels of this* 200-minute "intimate epic": as these darlings of East Coast early-century society meet, mate and marry; row, reconcile and re-entwine; and meanwhile hobnob with such as "Red" Emma Goldman (Maureen Stapleton) and Eugene O'Neill (Jack Nicholson), who became Louise's fleeting lover. All to a tintinabulation of domesticity and period detail and lithe comic touch.

But in later reels the warm-up human wackiness goes into *rallentando* and we start to get *the* message-from-our-sponsor. Jack and Louise take turns to coldfoot across the snowy Russian tundras to see what Lenin, Trotsky and their chums are doing. And Lo! They pronounce it good. Three cheers, they urge us as the October Revolution resounds for the overthrow of Fascism under the Czars. Three slightly uneasier cheers for the overthrow of provisional democracy under Kerensky (played by Oleg Kerensky). And three distinctly queasy cheers—no, on second thoughts, let's skate over it altogether—for the barbarism that ensued as Bolshevism tank-rolled on into history. Reed and his kind "saw the Future and it worked." We have seen the Past and it didn't.

Beatty, who directed, produced and co-wrote *Reds*, has been nursing this movie tribute to America's folk-hero father of Socialism since the mid-1960s. So it isn't wholly his fault—nor *that of* his British co-scriptwriter Trevor Griffiths—that *Reds* pops out of the moviola a few months after martial law in Poland has planted another ghastly wart on the face of European Communism. But this Marxist *Gone With The Wind* awash with love and war and snowscapes and railway-station reunions and variations on the "Internationale" that must have Max Steiner violining in his grave—could never have been other than trivialisation at best, a whitewashing at worst, of a dream-engendered fanaticism that went horribly wrong.

Beatty plays J.R. (the initials alone should have given history a warning) as a puppy-dog freshman alive with birth-of-a-nation beatitude and a Beatty-ish love for humanising knockabout. One moment he's burning holes in the kitchen saucepans with his malapert attempt to cook dinner *chez* himself and Louise, the next he's wagging eager sophomoric fingers at Comrade Zinoviev (Jerzy Kozinski) in Moscow because Z wants to keep him in Russia as a lifelong feather in the Soviet cap.

Reed did indeed end his life in Russia, though his widespread reputation as the only American to be buried in the Kremlin is erroneous. Louise was with Reed at his death, of typhus in 1920, and then drifted on to live a rapidly deteriorating life in Paris. None of that in the movie, of course, nor anything that might put a mote in the seraphic eyes of its hero and heroine.

To deify them still further, there is even a gallery of "witnesses" in the film: ageing real-life contemporaries of J. and L. H. Rebecca West, Henry Miller, Edna St Vincent Millay, and others—who hold forth in face-to-camera interviews that are snippeted in between scenes. The problem with this initially striking idea is that collective recall seems either hazy or trivial ("Oh, they were a couple. . .": "I could scratch my memory; but not at the moment": "You know, she was much hated for her expensive taste in clothes"), and suspicion rapidly grows that none of these lovable old buzzards actually *knew* Reed and Bryant at first hand.

Life comes to the movie whenever Jack Nicholson and Maureen Stapleton burn on to the screen; he is compulsively watchable with Mephistophelean eyebrows and wry-and-rancid romanticism as Irishman O'Neill, she bringing a visionary snap and power to pamphleteer Emma Goldman, like a Mother Earth plugged into the mains.

But the movie's centre is winsome, windy, and ever-evasive: a panoramic public relations job on two dubious stairs of pioneer Socialism. Its picture of Reed is insultingly over-simplified — insulting as much to Reed, one would suppose, as to us—and its picture of early Women's-Libber Bryant presents her as a Keatonian skitterer with nary an idea in her head beyond that of clinging to her man come snow, come Soviets, come Reds or Revolutions.

*

Sally Field, by contrast, comes on a lot spunkier in *Absence of Malice*, where she plays a newspaper reporter investigating a shady FBI attempt to use a smear campaign on an innocent man (Paul Newman) to smoke out the real hoodium(s) responsible for a top trade-union leader's disappearance. Not even the sassy Miss Field—for this is Hollywood still—falls victim to that ol' black magic called love before final curtain. Mr Newman is of course the recipient, playing the clean-as-a-whistle Mafioso's son who finds the FBI's attentions an embarrassment *to his honest liquor-retail* business. His workers walk out on him, his creditors walk in on him, and Newman's hawkish good looks, now smoke-topped by grey hair, furrow in fulminous frustration.

As written by Kurt Luedtke and directed by Sidney Pollack, this movie hums to the same middling voltage as a goodish episode of *Lou Grant*. Plonk plonk goes the camera, ever at the service of heads and shoulders, and rat-a-tat goes the dialogue (and the typewriters) in the vast and desky acreage of newspaper offices.

There's a miniature-railway feeling to it all. You know that the little bumps and twists and hiccups in the plot will all end up happily at Rose-covered Terminus. But at least the conspiracy-theory shenanigans are worked out with a clear and cunning logic; and Field and Newman keep business to the forefront, billing-and-cooing to a wry and idiomatic second place.

*

"They spend the rest of their lives wearing white shirts with an alligator on the tit beating the Hell out of little white balls." So much for dilettante graduates from army school. George C. Scott, essaying once more the silvered tones of a wart-hog with laryngitis, plays no-nonsense General Harlan Bache in *Taps*. The General has no time for lily-livered twits who don't blanco their belts and come top at sandbag-bayonetting at the Military Training Academy he runs, with an iron fist in a concrete glove.

He doesn't have much time for this movie either, since he exits from it after 20 hoarse-haranguing minutes and a shooting mishap, leaving both screen and school to the command of his co-star Timothy Hutton (of *Ordinary People*). Hutton thereupon sets about organising the academy in a giant military defence operation against its impending takeover by the police and army on behalf of property developers, its lease having expired.

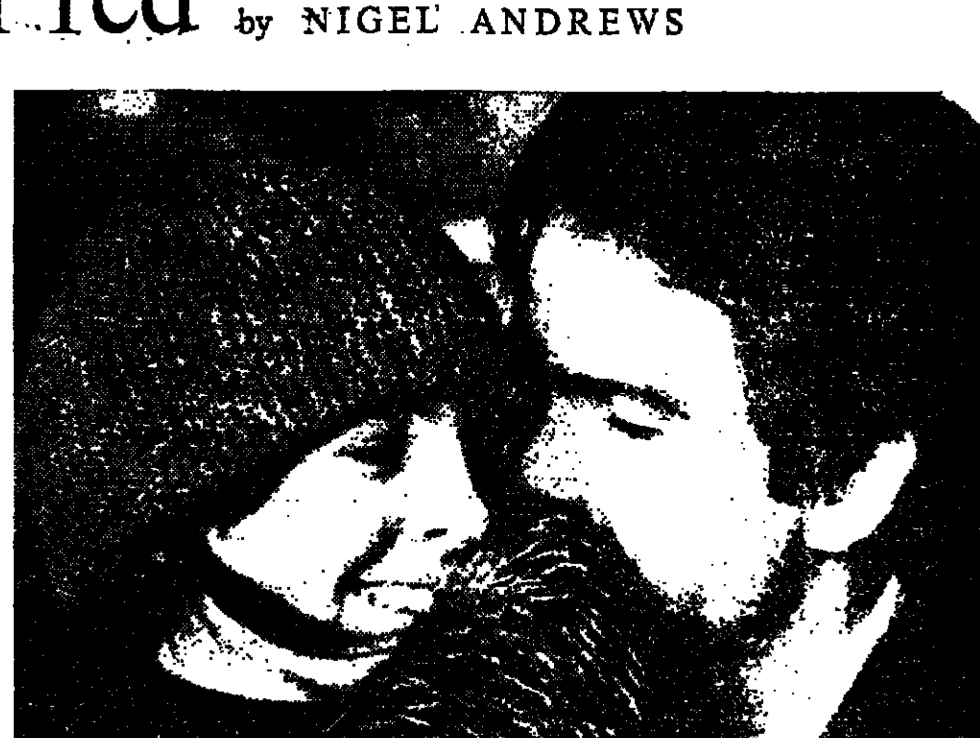
*

Locked gates. Bazookas at the ready. Rifle-bearing cadets at the window. Hutton damp and nervous beneath the doughty impersonation of a ramrod. This script must have seemed a good idea to someone at the time, but in performance *Taps* is like a theme with ever-dwindling variations. Honour and lunacy lock horns in the military mind much on the pattern of Scott's earlier *Patton*.

But once the bronchial superstar has himself departed there is no one — neither the over-extended Hutton nor the under-achieving director Harold Becker — who can tweak the movie in new and stirring directions.

*

Hallowe'en 2 was unveiled to the Press while I was still away at the Berlin Film Festival. I shall review it next week, along with two other films left in my pending tray by the Rt. Hon. Member for Teesside, Stockton: *Death Wish 2* and *Chanel Solitaire*.



Diane Keaton and Warren Beatty in Reds

Coliseum

Manon

by MAX LOPPERT

Massenet's *Manon*, though it contains a solid core of truthful perception about the nature of human relationships, is not perhaps, one of the "essential" operas. Even so, when a company gives of it, in translation, and in a house of Coliseum size, a performance as delicate and delightful as the English National Opera did on Wednesday, and shows off a heroine as enchanting and beautifully finished as Valerie Masterson's, then the triumph deserves celebration in loud, full voice.

Miss Masterson's array of French "heroines"—Micaela, Louise, Juliet, Marguerite (which London meets next season)—is a collection of rare value; *Manon* is surely its masterpiece. Bar a handful of charity taken highest notes, everything is in its perfect place, instinctively understood, achieved with consummate artistry, a seamless whole. The prattle of the introduction, the luxurious teasing of the Cours-la-Reine, the sensual pleadings, the glitter of the gambling scene, even the too-protracted farewells—all are of a piece, all linked and developed all in the soprano's total and unaffected command. Her manner, never self-advertising, always dramatically sentient, of floating, teasing, caressing Massenet's pregnantly lyrical short phrases has left both a bounty of detail and a radiant larger image safely and ineradicably embedded in the memory. But that is insufficient: should not the portrayal, and the whole show now be preserved on record, or television, or both?

John Brecknock's Des Grieux, though towards the end the timbre was clouding slightly, is likewise his finest London role—ardent, graceful; as skilfully styled as the heroine. By John Copley's lovingly picturesque 1979 production, now in the care of Stefan Janski, the other players are offered the chance to operate in three dimensions; Alan Opie (Lescaut) and Stuart Kale (a strikingly vicious Guillot) showed themselves particularly successful at seizing it. Under Lionel Friend's direction, the orchestra made a loose, copybook-blotting start; quite soon, Massenet's light but brilliantly sturdy craftsmanship was working its magic in all directions. No need to prolong this notice: the word "magic" says it all.

Festival Hall

BBC Symphony

by DAVID MURRAY

Beethoven's Fifth Symphony and Walton's Cello Concerto are heard so often on the South Bank that comment on last night's BBC Symphony performances—John Pritchard conducting, Ralph Kirshbaum as soloist—can be brief. The Beethoven had a confident, well-shaped reading, granted some untidiness near the start; nothing much like high drama, but enough thoughtful detail to raise it above run-of-the-mill. In the Walton Concerto the orchestral part boasted some finely balanced sonorities gently plangent, never encroaching upon the cello's place in the foreground; and Kirshbaum ruminated over his solo part with much imagination and a lovely speaking line. The epilogue was masterly.

The novelty in the programme was 35 years old, the Second Symphony of the distinguished American composer Roger Sessions. There must be many of Sessions' earlier works that have yet to be heard in Britain; the process of recognition here has brought chiefly his later music, knotty and compact, to public notice.

The dimensions of the four-movement Second Symphony are ordinary enough but for its tiny Scherzo, which grimaces with a fierceness out of all proportion to its span. The cut of Sessions' themes is sharp-edged but perceptibly of the American school; the extreme and uncompromising chromatic treatment of them is something else, too toughly controlled to sound Epressionist and too purposeful to seem mere decoration. Orchestral colour is always functional, though the mourning paragraphs of the Adagio have an original and pungent flavour. The Finale has the air of a grand academic exercise belied by hints of savage parody. A curious work, unloveable but impressive.

ENO plans for 82/83 season

Of the six new opera productions that the English National Opera has promised for next season, five are of works by East European composers—when added to the major revival next August of Prokofiev's *War and Peace*, this amounts to a season with a distinct Slavonic theme.

Ligeti's *Le Grand Macabre*, produced by Elijah Moshinsky, conducted by Elgar Howarth, receives its British premiere. Chaikovsky's *Queen of Spades*, Prokofiev's *The Gambler*, Dvorak's *Rusalka*, and Janacek's *Makropoulos Case* (borrowed from Welsh National and Scottish Opera) are all produced by the company's chief producer-elect, David Pountney, and all (except *The Gambler*) conducted by its musical director, Mark Elder, who also takes charge of the new Jonathan Miller *Rigoletto*.

Other important revivals include *Boris Godunov* with the Danish bass Aage Haugland, Rita Hunter returning for *Il trovatore*, and two recent successes, *Otello* and *Romeo and Juliet*. Lord Harewood admitted that a planned revival of David Blake's *Toussaint* had had to be cancelled for economic reasons, and revealed that the GLC had still not announced its grant for the forthcoming season.

Nell Dunn wins Susan Smith Blackburn Prize

The fourth annual Susan Smith Blackburn Prize has been awarded to Nell Dunn. This literary prize of £1,000 (or $2,000) goes annually to a woman who deserves recognition for having written a work of outstanding quality for the English-speaking theatre.

The prize was presented to Ms Dunn at the Garrick Club for *Steaming*, a play about a group of women who frequent a public steam bath in London and which is now running at the Comedy Theatre in London.

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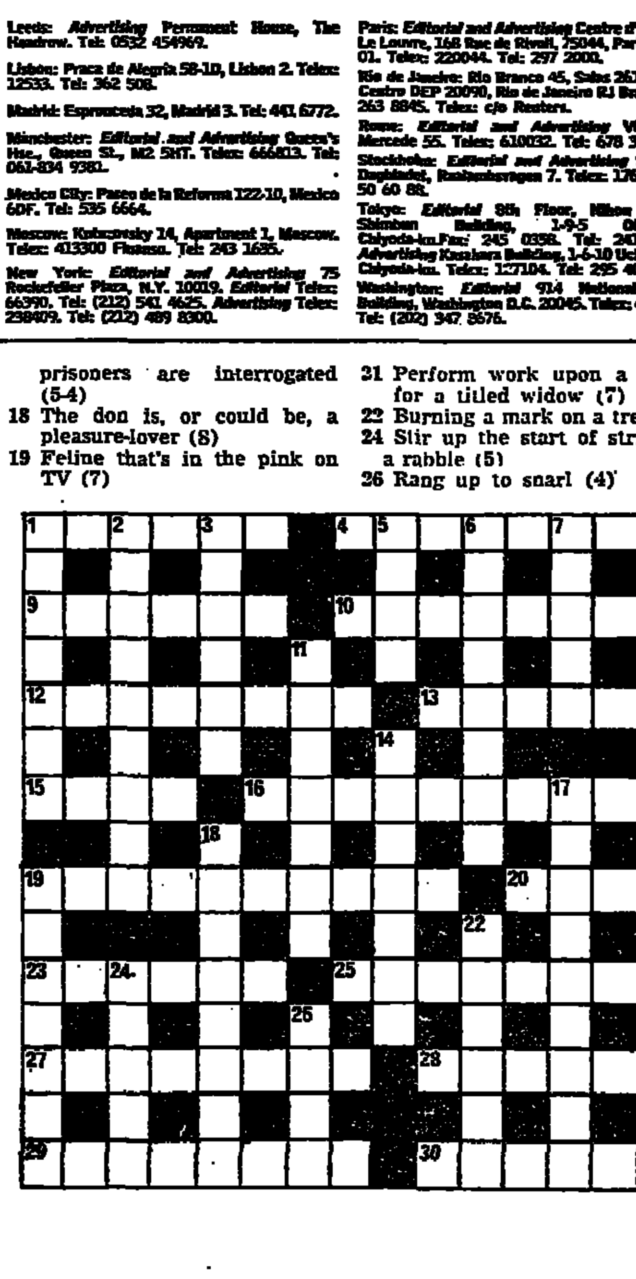
F.T. CROSSWORD PUZZLE No. 4,808

ACROSS

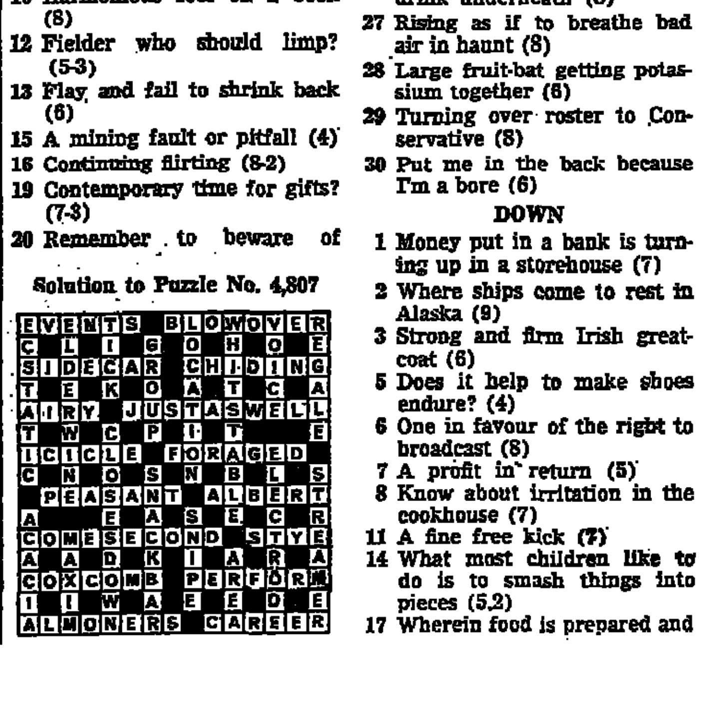
1 Scarcity right in the end (6)
4 A compact biscuit (8)
9 Improve accelerating power for motor vehicle (4-2)
10 Harmonious fool on a book (8)
12 Fielder who should limp? (5-3)
13 Flay and fail to shrink back (6)
15 A mining fault or pitfall (4)
16 Continuing flirting (8-2)
19 Contemporary time for gifts? (7-3)
20 Remember to beware of attention (4)
23 Precise missile from the north (6)
25 Meaningless word, used as bass in old sea songs, but suggesting there's a sailor's drink underneath (8)
27 Rising as if to breathe bad air in haunt (8)
28 Large fruit-bat getting potassium together (6)
29 Turning over roster to Conservative (8)
30 Put me in the back because I'm a bore (6)

DOWN

1 Money put in a bank is turning up in a storehouse (7)
2 Where ships come to rest in Alaska (8)
3 Strong and firm Irish great-coat (6)
5 Does it help to make shoes endure? (4)
6 One in favour of the right to broadcast (8)
7 A profit in return (5)
8 Know about irritation in the cookhouse (7)
11 A fine free kick (7)
14 What most children like to do is to smash things into pieces (5,2)
17 Wherein food is prepared and prisoners are interrogated (5-4)
18 The don is, or could be, a pleasure-lover (8)
19 Feline that's in the pink on TV (7)
21 Perform work upon a stake for a titled widow (7)
22 Burning a mark on a tree (6)
24 Stir up the start of strife in a rabble (5)
26 Rang up to snarl (4)



Solution to Puzzle No. 4,807



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Friday February 26 1982

Help where the shoe pinches

YESTERDAY we argued in principle for a mild fiscal relaxation on March 9—not the massive stimulus which many of the Government's critics favour but a correction of what appears to be an unintentionally restrictive policy. Present forecasts suggest that the public sector borrowing requirement on unchanged policies would be about £3½bn for the coming financial year after allowing for asset sales.

It seems likely that the Treasury is now edging this figure upwards because of falling oil prices, and possibly because of the high interest rates of recent months. Allowing for the offsetting effects of cheap oil on activity and non-oil revenue, and for the subsequent easing of interest rates, the present-policy forecast should still be under £10bn gross of asset sales, or £9.5bn in headline terms. This is a little above the medium-term target, and helps to explain Whitehall's strenuous effort to dampen expectations; but as we argued yesterday, a medium-term cash target ought not to be immutable: activity is below its intended track, and so naturally revenue is disappointing.

Pressure

In our judgment, then, there should be room in the Budget for relaxations of the order of £2bn. This is not enough to produce any dramatic effects—an assault on inflation through a cut in VAT, or a drive to reduce employment costs significantly through a cut in the national insurance surcharge. The help needs to be more narrowly targeted—to ease the pressure where the shoe pinches most painfully.

Since the Government's biggest political and social problem is unemployment, there can be little doubt about the most urgent objective, though there is endless argument about how to improve matters. We would suggest that attention should be focused on three areas: the situation of low-income families, help for regional employment, and certain kinds of public-sector investment.

The most regrettable feature of last year's Budget was the suspension of Rooker-Wise, and the consequent disproportionate burden on the lowest paid. The Chancellor explained that this was to some extent an interim measure, to cover the delay in introducing the taxation of welfare benefits. This new source of revenue, together with a proportion of the thin total relaxation available, should make it possible to make some compensation. A slight over-indexation of the tax floor would be one way to reduce the poverty trap, which so reduces the incentive to work. A more generous treatment of child allowances would in our view be just as effective in this respect, and preferable socially.

Industry and some Tory backbenchers have been campaigning for a cut in NIS as the best way to improve competitiveness and foster employment; a worthwhile cut does not seem possible unless some other tax is raised disproportionately. However, a cut available only in high unemployment regions could be on a more generous scale, and would be unlikely to be dissipated in wage settlements.

We would also support the arguments of those Government critics who have argued that a rise in some forms of infra-structure investment, with large offsetting savings in unemployment pay and higher revenue, would be a highly desirable way to generate a small increase in the PSBR. The argument is especially strong in budgets, such as the road programme, which have been underspent because of a sharp drop in tender prices. The combined argument of higher employment and value for money is strongly persuasive — and an increase in spending due to lower prices would help to demonstrate the positive side of cash limits.

Undesirable

Finally, we would stress the need for almost cost-free amendments to capital and personal taxes which would help industry to raise long-term capital in the markets. The tax rules which give Government borrowing special exemptions are a highly undesirable form of crowding out, helping to inflate bank borrowing while it depresses activity; and companies should also be permitted to innovate in the markets which the Government has now opened up for indexed debt. A more even-handed approach to the financial market might be as helpful as any likely fiscal stimulus.

The challenge of the Caribbean

SINCE President Reagan took office last year the U.S. has been facing mounting problems in Central America and the Caribbean for which the Administration appeared to hold the forces of international communism exclusively responsible.

On Wednesday the U.S. leader made it clear in his speech to the Organisation of American States in Washington that not everything could be attributed to the schemings of Moscow or Havana. The oil crisis and the poor showing of commodity prices had, he said, brought on "economic disaster" and the countries of the area were "under economic siege."

Tariffs

The package he proposed as a palliative to the region's woes contains some imaginative projects, notably the freeing from U.S. tariffs of all imports from the area (with the exception of textiles and clothing), technical assistance for the region's businessmen and $350m worth of new economic aid which will be concentrated on the private sector.

In a rhetorical flourish he urged his southern neighbours to make the best of "the magic of the market of the Americas," but it is clear that he is willing to give some governmental assistance to the magicians. Going back a little on the tough line he has been adopting towards the international financial institutions such as the World Bank and the Inter-American Development Bank, he called on them and the allies of the U.S. worldwide to increase their aid to the Caribbean basin.

The economic content of President Reagan's message is to be applauded even if one may legitimately express some doubts about its efficacy. Will one-way free trade for the Caribbean basin really enable the region to earn very much more given that 87 per cent of exports to the U.S. already enter duty free? Will the concept of limited free trade for a select and privileged group of developing countries not pose knotty problems in the context of global trade negotiations? Will $350m provide any substantial assistance to a group of countries whose deficits are measured in billions of dollars?

Even if the answers to all these questions turn out to be positive no one must expect the Caribbean Basin initiative to solve the long standing and acute political problems of the region. And when on Wednesday President Reagan turned to examine these political problems he appeared less than sure footed.

To say, as he did, that the conflict in El Salvador was an attempt by guerrillas armed and supported by and through Cuba to impose a Marxist-Leninist dictatorship on a people as part of a larger imperialistic design was, at best, simplistic. Nor was it very prudent to condemn alleged infringements of human rights by the Government of Nicaragua while keeping silent about the excesses being committed by Governments such as those of Haiti and Guatemala. It was hardly adequate to suggest that European fears about the Reagan administration's reaction to events in the region were merely the result of "a determined propaganda campaign."

Leaving aside possibly misleading parallels between Vietnam and Central America it is legitimate to make the point that the turbulence of the region is the result not just of temporary economic difficulties but also of widespread dissatisfaction with outworn systems of government.

Miracle

Even if, by some miracle, growth rates were to be put back to their highest historical level and balance of payments deficits wiped out at a stroke the urge for political change and modernisation would not simply disappear in El Salvador, for instance, or Guatemala.

It would be very unfortunate if the Reagan administration were to conclude that economic aid obviated the need for political acumen in Central America and the Caribbean. Russian expansionism and the adventurous policies of the Cuban regime (which, incidentally, cannot without large borrowing from Moscow maintain a viable economy) must certainly be countered. But in doing that Washington must not make the mistake of trying to defend politically indefensible regimes just because they claim to belong in the Western camp.

OIL PRICES UNDER PRESSURE

Opec: harsh choices ahead

By Roger Matthews

THE APPARENTLY indestructible edifice of economic power constructed by the major oil exporters during the past decade is beginning to crumble at the edges. As the world recession has deepened so the most basic assumptions about steadily increasing demand and higher oil prices have proved incorrect.

The results are potentially traumatic for the producers and of immense importance for the industrialised world. Oil price hawks have been transformed into the most amenable of doves. Iran, which under the Shah played such a central role in forcing up the price of oil, is now sabotaging the fragile unity of Opec by undercutting its competitors. Suitors who in the past were treated with disdain have suddenly become highly desirable partners.

From the United Kingdom, through the Middle East to Nigeria and Venezuela, budgets are being re-examined in the light of sharply lower revenue forecasts. Some producers may find it relatively easy to accommodate delays in capital intensive projects. Others face much harsher decisions and have no illusions about the possible political risks involved.

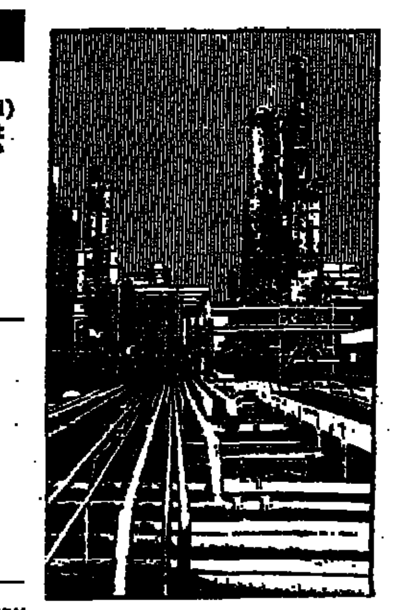
The clearest indication of the current change came with the announcement that during the third quarter of 1981 the Opec nations as a group had become net borrowers on world financial markets. The estimated Opec current account surplus of $62bn for 1981 has slumped to an estimated $35bn for 1982. But forecasters are now talking about a $20bn deficit by 1984 unless there is both a resurgence in demand and a strong cutback in development programmes.

Predictably, it is the non-industrialised members of Opec with the largest populations, which are being hardest hit, although the effects are spreading with nine of the 13 Opec members failing to sell enough oil to cover their budget requirements.

FINANCIAL PRESSURES ON OPEC PRODUCERS

EARLY 1982	Financial Reserves $ bn	Short-Term Output Levels (1,000 b/d) Needed to Balance Current Accounts	Present Output*
Saudi Arabia†	161.6	6,410	7,900
Libya	32.4	1,070	870
Kuwait†	74.2	900	850
UAE	38.6	810	1,400
Qatar	16.1	60	360
	325.9	9,250	11,380
Iran	3.0	3,610	950
Iraq	31.8	2,110	950
Nigeria	4.5	2,230	1,300
Algeria	3.8	1,200	700
Gabon	0.7	160	150
Venezuela	7.7	2,400	2,100
Ecuador	0.7	220	200
Indonesia	10.0	1,500	1,600
Sub-Total	62.2	13,430	8,450
Grand Total	388.1	22,680	19,830

* PIW estimate. † Includes Neutral Zone production. Source: PIW



The implications for those countries — and companies — which have won the largest share of the oil producers, booming markets will be uneven and take some time to emerge. There is unlikely to be any discernible change in Saudi Arabia, but contractors looking for large new orders from Iraq, for example, are almost certain to be disappointed. At the moment there i sno evidence that existing contracts are at risk.

Nigeria, which planned to spend £6.2bn this year, has been most immediately affected. Although it managed to accumulate some reserves in the heady days of 1979-80 it was forced to announce curbs in December which will delay or discourage about $5bn worth of imports. Oil output has picked up from the low of 500,000 barrels a day in August to about 1.5m b/d, but this still remains well short of the 2.2m b/d it needs to balance its current account.

For Indonesia it is the trend rather than the immediate impact which is of greater concern. With a population of 150m and growing by 3m a year the threat of declining oil revenues exacerbates the problems caused by a 10 per cent annual increase in domestic energy demand.

Non-Opec Mexico has a similar population problem but with the buoyancy of the oil market has been able to create an astonishing 800,000 jobs annually for the past four years. In 1982 it will fail to achieve its target, with GDP growth forecast at 4.5 per cent or just a little over half that achieved anually for the past four years. Instead of forecast oil revenues of 20bn last year Mexico received only about $14bn. The fall was a major factor in last week's decision to devalue the peso.

But it is in and around the Gulf where the alarm is the greatest and the stakes highest both in the short and medium term. The present world over-supply of crude has occurred despite the lost of over 4m b/d in exports from Iran and Iraq who after 17 months are still locked in a bitter and apparently unwinnable war.

Neither country can expect to earn much more than $80bn this year from oil exports, a sum massively below budgeted expenditure. Iran is being forced into the desperate position of selling gold reserves while Iraq which has published no financial statistics for the last four years is having to borrow heavily.

Seen from the eastern shores of the Gulf there is just one country which is primarily responsible for this state of affairs—Saudi Arabia. By maintaining a production ceiling of 8.5m b/d, when it needs less than 6.5m b/d to keep its current account out of deficit, the Saudis stand accused of ruining the world oil market for those in far greater need.

However, last month Saudi production dipped below 8m b/d and at times this month has been close to 7.2m b/d giving little more than 700,000 b/d leeway before it too reaches break even point on current account. There appears no question yet of the Saudis trimming their $236bn five-year plan. At the start of this year it was forecast their investible surplus could decline some 25 per cent to under $30bn during 1982 but this has to be seen within the context of financial reserves totalling over $160bn and projected earnings of at least $12bn.

The other small-population oil exporters have similar flexibility in cutting sales without seriously affecting their budgets. Government Ministers in Kuwait are talking of modifying the 1982-83 budget to take account of falling oil revenues. In 1982 these may be little more than half the 1980 figure of $19bn.

But Kuwait can also rely on the fact that its reserves of $75bn-$80bn will provide additional revenue of at least $8bn.

Teh financial reserves of the United Arab Emirates are only half those of Kuwait, but at about 1.3m b/d the UAE is still selling oil well in excess of requirements. Qatar is placed in as comfortable a position and is also sitting on massive gas reserves.

For Libya the full extent of problem is clouded by the political activities of the mercurial Col. Gaddafi. But despite some cuts and doubts over major prestige projects Libya's reserves are strong and at the moment its exports are not too damagingly blow requirements.

Pressure is mounting within Opec for an emergency meeting next month to try to close the widening gap between surplus producers and those who are being badly squeezed by falling demand and softening prices.

Yet even if the Saudis dropped their production ceiling by 2m b/d this would only temporarily alleviate the difficulties of those other producers who moved in to take up the slack. It certainly could not be guaranteed to ease the downward pressure of the $34 a barrel reference price for Saudi light.

Instead Saudi Arabia appears to believe that only a more realistic pricing policy—including perhaps a $28 a barrel reference price—will ensure the long-term future of Opec.

It is however scarcely a palatable option for those producers most in need of increased revenue this year. Saudi Arabia, Kuwait, United Arab Emirates and Qatar, for example, have softened the blow for Iraq by providing credit lines of over $20bn in the past 12 months and there are possibilities of further re-cycling of surpluses to assist other Opec members in difficulties. But there is also a limit to what those four countries can do.

Predictions about the price and quantity of oil production have proved disastrously wrong too often in the past, but this time there appears every chance that the lesson that Saudi Arabia has been preaching for several years — that oil prices can be pushed too high — is finally going to be proved correct.

Additional research by FT correspondents in Mexico, Indonesia, Nigeria and Kuwait.

Excess supplies chasing too few customers

THE tumbling prices and lowered demand for oil exports, now causing Opec's 13 members so much discomfiture, arise largely from the continuation of the worldwide economic recession and steps taken in the West to lessen dependence on oil imports. Opec has been caught in the backwash of its past price rises.

Demand for Opec oil has fallen to the lowest level since 1969. Last year the Organisation's output was cut to 22.5m barrels a day, 4.4m b/d below the depressed level in 1980 and 8.8m b/d below the record output in 1977.

It is hard to believe that only a decade ago British Petroleum and other industry forecasters were working on the assumption that by the mid-1980s Opec would need to produce between 43m and 53m b/d to meet the energy requirements of non-communist countries. Even in the more sober days of 1979, BP was forecasting that by this year Opec production would have to be in excess of 30m b/d to avoid worldwide supply problems.

Few analysts reckoned that prolonged recession and conservation measures — both greatly influenced by the oil price rises of the 1970s—would depress non-communist world oil demand from all suppliers to the present low level of about 48m b/d, especially after such a bitter winter over much of the northern hemisphere. Demand this summer could be as low as 45m b/d—roughly the level of consumption back in 1972.

Opec's problems have been made more acute by the steps which have been taken to increase output in other parts of the world, particularly in Mexico, the North Sea and Alaska. While Opec's output has been falling, the production of non-Opec countries has been rising, by 3.4 per cent annually between 1974 and 1981.

EXPORTS TO OPEC COUNTRIES

US$m

	1976	1978	1980	1981 (1st half)
U.S.	11,701	16,655	17,759	10,672
W. Ger.	8,264	12,240	12,545	6,710
France	5,063	6,497	9,852	5,307
UK	5,111	8,435	10,578	not available†
Japan	9,262	14,113	18,500	10,469
Italy	4,244	7,018	9,868	5,774

† Due to civil service dispute.

Non-Opec countries now produce almost as much crude as the Organisation's member states. During the 1970s Opec accounted for about two-thirds of supplies. Furthermore, production of other energy sources—mainly natural gas, coal, hydro-electricity and nuclear power—has also been rising by 2.3 per cent annually during the past seven years.

To make matters even worse for the majority of Opec members, the leading exporter—Saudi Arabia—continues to produce oil at a prodigious rate. The Saudis maintain they are producing in accordance with their preferred ceiling of 8.5m b/d. Market reports suggest that the true level of Saudi output is nearer 7.5m b/d.

In the present market conditions the difference is almost irrelevant. In practice the Saudis would have to cut production by another 3m b/d or so this summer if the world supply and demand equation were to be made to balance. Such a unilateral cut is out of the question.

So while excess supplies continue to chase too few customers, prices will keep on falling. This is why traders are now talking about the possibility of the average crude oil price falling from the present level of about $33 a barrel, amost $2 less than the peak last spring, to $28 or even $25.

The one ray of hope for Opec is that the lower prices will stimulate oil demand and help push the developed world out of the recession. In this case prices would tend to harden. In the present confused conditions, few oil companies are now counting on crude prices rising above the present rates in real terms for at least the remainder of the 1980s.

Ray Dafter

Men & Matters

Fraser's out-house

"I hav built up a good team and we are out doing our own thing." Sir Hugh Fraser observes on his resignation yesterday from the Harrods stores group which his family established.

From May 1 the controversial son of the House of Fraser will be opening a chain ot shops in "top market" retailing, trading under the name of "Sir Hugh." The new chain will operate initially in Glasgow. He is also involved in a sportswear concern. "I have got my fingers in a few pies."

In August Fraser plans to marry for the third time. Intended bride is schoolteacher Annabel Finlay who, he says, helped him kick the gambling habit that once cost him £1.5m in 18 months.

"I have got Annabel working on my book to make it acceptable for publication." Fraser says. It would be a pity, perhaps, if she tidied it up too much. It threatens to tell a chilling tale of horror and drama in the boardroom as Fraser was toppled from the chair by Professor Roland Smith.

A highly lurid account of the same events was published by the Monopolies and Mergers Commission last December when it examined the proposed take-over of House of Fraser by Lonrho.

If Tiny Rowland ever decided to kep his promise and reappoint Fraser as chairman, the Commission noted, the move "might reinforce the tendency of House of Fraser directors to leave."

"I'm definitely pro-Labour—without nationalisation we couldn't have denationalisation!"

Tin foil

Most of the shouting on the floor of the London Metal Exchange yesterday seemed to be about copper. Tin prices were collapsing quietly if dramatically — and up in the boardroom officials were celebrating the passing of a crisis with pewter goblets of champagne.

"Some blood has been shed, but nothing terminal," commented one official.

It was feared that this week would see a breakdown of trading on the Exchange with sellers of tin being unable to meet their commitments and defaulting on contracts.

The Exchange took the precaution earlier this month of limiting the penalty that sellers would have to pay for guessing wrongly.

But there was still considerable uncertainty, as large forward sales became due for delivery yesterday, whether the mystery group that has bought up the world's surplus tin supplies — apparently for the Malaysians — would release enough to help the sellers out.

In the event they did. And the danger over, new chairman of the Exchange's management committee, Michael Brown, of metal merchants Lonconex, was able to relax for the first time since taking over.

Shrugging off the price collapse as well as the criticism, Brown claimed that the prime objective of restoring "orderly trading" had been achieved.

Mint condition

Twelve days before his Budget, Sir Geoffrey Howe looked pleased enough with the state of sterling yesterday.

In "full fig" robes of black and gold, the Chancellor of the Exchequer escorted the Queen at the Trial of the Pyx, the ancient ceremony for testing the size, weight and purity of the Royal Mint's coins.

It is 700 years since the earliest known writ for the trial was issued, calling together a jury of "twelve discreet and lawful citizens of London with twelve skilful Goldsmiths" to examine the coins.

Nowadays, all the requisite virtues and skills are lodged in a jury of 24 Freemen of the Goldsmiths' Company under the eye of Master John Ritchie, the Queen's Remembrancer.

His remembrance of the last visit by a monarch—Charles II in 1669—was slightly at odds with official Mint history which records that it was James I who turned up in 1611.

The Chancellor, Ritchie reflected, usually waited for the trial's verdict in May to put in an appearance.

But Sir Geoffrey showed such eagerness to handle real money for a change as the packets of gold sovereigns were emptied that photographers had to shoo him out of the way of their pics of the Sovereign.

Fly Spanish

Sir Freddie Laker's golden boy image is rapidly turning green around the edges, and no more so than in Spain where the once-relaxed view about debt collection is beginning to harden. The Spanish bailiffs have been in town this week in the form of Eudardo Gamero, a youthful, neatly pressed negotiator

Gamero's task has been to collect as much as possible of the £1.3m that the Laker group is said to have owed Spain's hotel keepers when the crunch came. By now, having succeeded both in getting the money (immediately from Greenall Whitley and in stages from Saga, the two new owners of the Laker tour off-shoots), Gamero can surely look forward to a hero's welcome back on the Costas.

Spanish hoteliers have traditionally been unwilling to chat about their business to anyone, notably the Spanish tax inspectors, but after battles with the unions and problems of payments from foreign tour companies they decided that perhaps a little co-operation might not be a bad thing. Now Gamero, after only one year as co-ordinator of the 2,000 hotel strong Zontur organisation, is determined to organise a Mediterranean super-union of hoteliers to crack down on holiday debtors.

My meeting with the affable Gamero coincided with a brief chat with a former director of Court Line ("Don't mention my name, old boy, sleeping dogs and all that"). He was moved to distress by the events of the past few weeks. "How come we owed £8m and were villains, and Laker owes 20 times that and is a hero?"

Water-hole

Just before the Good Beer Guide was printed, a telephone message to editor Roger Protz warned that the landlords of one of the 6,00 listed hostelries serving "real ale' was being prosecuted for watering his beer.

The inn was removed from removed from the Guide—along with its description: 'Riverside pub with enterprising landlord.'

Observer

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POLITICS TODAY

Another penny for the arts

By Malcolm Rutherford

MONDAY WAS an unusual occasion in the House of Commons: there was a debate on the arts. Next Wednesday will be an unusual occasion in the City of London: the Queen will open the Barbican Centre which, among other things, will be a home for the London Symphony Orchestra and the Royal Shakespeare Company.

Between them, the two events draw attention to an extraordinary fact. Britain may be deficient in comparison with other countries in all sorts of ways, yet the arts continue to flourish.

There is also a political point. As Mr Patrick Cormack, a Tory MP, said in Monday's debate: "The arts are perhaps the only great sphere of our national life that we have succeeded in keeping out of party politics."

Monday's debate tended to bear that out. Some of the best speeches came from Mrs Renee Short, who must by any standards be regarded as on the far left of the Labour Party, from Mr Andrew Faulds and Mr Toby Jessel, who belong to the eccentric wings of the Labour and Tory Parties respectively, and from Mr Cormack, who is sometimes suspected by the Tory leadership of being about to defect to the Social Democrats. None of them was in essential disagreement.

The debate gave evidence both for a pessimistic and for a relatively optimistic outlook. On the gloomy side, there was Mr Faulds, the Labour spokesman for the arts and an actor by profession, saying: "The British film industry is near to collapse. The Royal Academy cannot exist for ever on a proferred begging bowl. . . . The National Trust may need bailing out. . . . There will have to be a rescue operation to keep alive and open London's West End theatres."

On one particular point, the future of the university museums, he was supported by Mr Robert Rhodes James, the Tory member for Cambridge, who warned that some of them—the Ashmolean at Oxford, the Fitzwilliam at Cambridge and the Courtauld Institute in London—might have to be closed to the public for lack of funds.

Not least, there was the general concern about the Halle Orchestra losing its grant from the Manchester City Council.

On the happier side, Mr Fergus Montgomery, a Tory MP who is the parliamentary consultant to the Society of West End Theatres, acknowledged that whereas this time last year a dozen were dark—that is, empty—today they are open.

It's not just London. Mr Paul Channon, the Arts Minister, talked about the Bradford museum of photography opening this year, new theatres in Plymouth, Swansea and Leeds, another in Bath next year and —again in Leeds—a new Henry Moore gallery.

The question of why the British should be so good at the arts was not really touched on. It's not just theatre and music. It extends across the board to television and radio, sculpture and poetry. Perhaps nobody knows the answer: it just happened.

The point that emerged from the debate, so far as subsidies are concerned, is that successive governments have done pretty well, but not quite well enough. In particular, the present Government has not behaved all that badly, given its general approach to public expenditure.

The grant to the Arts Council is being increased from £80m this year to £86m in 1982-83. Central Government provision for the arts as a whole is going up from £178m to £193m. As the bulk of the arts world tends to admit, it could have been considerably worse.

Yet the figures and the percentage increases conceal some real problems, not the least of which is the future of the Royal Shakespeare Company.

The RSC is by any standards one of the jewels in the crown —along with Covent Garden, the National Theatre and the English National Opera. But, unlike the others, it got into the subsidy business late.

Just over 20 years ago there was simply the Shakespeare Memorial Theatre operating in Stratford-on-Avon and paying its way. The governing body decided, however, that its long-term future lay in creating a base in London: hence the formation of the RSC, its London home at the Aldwych and the move beyond Shakespeare. When the new company made operating losses, it was able to fall back on its reserves.

Not any more. The reserves have long since gone and the RSC is expecting a loss in 1981-82 of around £300,000 on a turnover of £6.8m. That is on top of an accumulated debt of £100,000 and the current loss would have been much higher had it not been for exceptional revenues from radio, television and touring abroad, which are most unlikely to be repeated on such a scale.

Tony Church and Judy Buxton in the Royal Shakespeare Company production of La Ronde at the Aldwych Theatre

Of course, the RSC does now receive support from the Arts Council. In the coming year this will go up by 17.6 per cent to £3m—a much higher percentage increase than for any of the other big four. Covent Garden is getting an increase of less than 6 per cent.

But because the RSC went in late, grants have not really been fully built into its financial structure. They are an addendum rather than a principle.

The best basis of comparison is with the National Theatre. In 1980-81 the average price of admission to the National was £3.82; at the RSC's theatres in London and Stratford it was £4.72. The figures for subsidies are the most telling. At the National the subsidy per paid admission was £7.50; at the RSC it was £2.89.

The RSC tried to recuperate by raising its prices at Stratford last season to a maximum of £12 a seat. Attendances fell to a little over 70 per cent of capacity, which is good by London standards but not enough for Stratford to pay its way. Next season the maximum price will be reduced to £11.50 in an attempt to attract bigger audiences.

None of this came up in Monday's debate since it is still being discussed by the RSC and the Arts Council. But it does seem that the situation is becoming critical.

There are several possible solutions.

● The Arts Council could give more money, but that is unlikely. The Council is sympathetic, but has no more money to give.

● The Government could give more money. Again that is unlikely, but may have to be recommended as a last resort.

● The local authorities could give more money. At present, the Stratford authorities provide £1,800 a year for a theatre that is suppose to serve the Midlands, or at least the Birmingham area.

● The Stratford operation could be closed because that is the real loss-maker. However, that might be difficult under the terms of the Royal Charter. (Perhaps appropriately, the chairman of the board of governors is Sir Kenneth Cork, the country's best-known receiver, currently trying to sort out the problems of the De Lorean Motor Company.) In London the move from the Aldwych to the Barbican is said to have been arranged in such a way as to be financially neutral.

● There could be sponsorship. At present, sponsorship accounts for only 1.6 per cent of the RSC's total revenues, but injected some £6m into British arts in general last year. The trouble here is that theatre is not regarded as terribly safe:

It would have been hard to have gone to (say) BP and said: "Look, we have this marvellous idea. We're going to dramatise *Nicholas Nickleby*. Will you back us?" Much easier to seek support for a star-studded production of *Aida*. Yet, in the event, Nicholas Nickleby was a smash hit, in New York as well as London.

● There could be any combination of the solutions above. After all, we are talking about relatively small sums of money. It would be a pity to let part of the RSC's operations go to the wall because of a loss of £300,000 and the anomaly of it not having become a central part of the grants system. In another field, Barclays Bank has put up £½m to support overseas tours by the Royal Ballet.

The conclusion is that we should consider these matters more carefully and not leave so much to chance. As Mr Cormack said, speaking of arts and culture in the widest sense: "An august institution, such as the Royal Academy, could be saved for posterity by less than 1 per cent of what we have spent on British Leyland in the past year. We collect more in VAT from repairs to listed buildings than we spend on assisting them."

Mr Faulds proposed a greatly enlarged Ministry of the Arts, possibly to include responsibility for tourism since the arts are one of the principal attractions to foreign visitors. Whether you go along with that depends on your faith in bureaucracy. There does seem a case for giving the Arts Minister more say in the film industry. At the moment the responsibility resides, anachronistically, with the Department of Trade.

The House of Commons Select Committee on Education, Science and the Arts, under the chairmanship of Mr Christopher Price, the Labour MP for Lewisham West, is conducting a comprehensive inquiry into the funding of the arts. We should all look forward to its report. For one of the consequences of the technological revolution is that more and more people will have more and more time to enjoy stage, screen, radio, historic buildings, and whatever else.

Mr Channon added a twist to the story yesterday by appointing Sir William Rees-Mogg, the former editor of The Times, to be the new chairman of the Arts Council. In many ways he is an inspired choice. Sir William says that it will be quite compatible with, even complementary to, his remaining as vice-chairman of the BBC.

Lombard

M Davignon's dual burden

By John Wyles in Brussels

WHENEVER TWO or more Irishmen gather together here over a glass these days, their speculation turns as much on who will be the next Irish member of the European Commission as the next Taoiseach in Iveagh House. Their interest goes beyond the normal desire of bureaucrats and journalists to have tipped a political winner. This time national pride is at stake. The vacancy in the Commission arises from Mr Michael O'Kennedy's success in winning a Parliamentary seat in the recent election.

Mr O'Kennedy must have thirsted for that political victory because he enjoyed precious few during his year in Brussels. Mr O'Kennedy, with a respectable record as Foreign Minister behind him, had a ghastly time here largely because he had nothing to do.

He had partly himself to blame for this. When the Commission jobs were parcelled out during the traditional negotiating dog-fight in January 1981, Mr O'Kennedy did not seem to know what he wanted and as a result secured two-thirds of very little. He was put in charge of the personnel portfolio which, though important to the working of the Commission, is politically trivial on its own.

As a fig-leaf, President Gaston Thorn made him his special assistant dealing with the so-called mandate—the proposals for developing new policies and reforming agriculture and the budget. This did virtually nothing for the Irishman's political profile since the President would not and could not surrender his own central role on the mandate.

But even if Mr O'Kennedy had fought harder on that January night his embarrassment would only have been saved at the expense of someone else. In normal times there are not enough good jobs to go around a 14-man Commission. But the difficulty was compounded this time because M Thorn allowed his Belgian colleague Etienne Davignon to pull two plums out of the employment pie: industrial policy and energy policy.

M Davignon is one of the cleverest and most able men in the Commission. Once he had decided what he wanted, the President felt unable to demur.

The question is whether Mr O'Kennedy's successor should also be a victim of these circumstances. Irish pride decrees that this should not be so and the next Irish Prime Minister, whoever he is, is likely to spell this out in words of one syllable to M Thorn. Indeed, if the employment prospects are not better, the Irish Prime Minister might have his work cut out persuading any man of quality to come to Brussels.

Should M Davignon then be prevailed upon to let go of the energy portfolio? Some people believe so, both for the sake of the development of the Community's energy policy and, perhaps, M Davignon's reputation for skill and effectiveness. The burden of the two portfolios is immense.

M Davignon has handled both with all the skill and expertise that might have been expected. But increasingly, he gives the impression of a juggler with perhaps one too many balls in the air. His steel strategy suffered a major setback when U.S. companies filed their anti-dumping complaints after he had appeared to have sewn up political understanding with the U.S. Administration.

His impact on the energy dossier is sporadic and, therefore, rather less effective than if it had his full-time attention. Every six months or so he gives a Press conference to unveil huge packages of proposals which seem to lack priorities and freshness.

The argument is finely balanced. A Davignon firing on two cylinders is in many people's estimation immensely more effective than many another Commissioner firing on all four. Much depends on whom the Irish send to Brussels. He will need to be dynamic, politically astute and able quickly to command the respect of his colleagues on the Commission. A lesser man will have no chance of wrestling energy from the Davignon empire.

Letters to the Editor

The costs and benefits of zero-leaded petrol

From Mr M. Pettman.

Sir,—Your report of February 23 quotes UK oil companies as stating that to produce high octane unleaded petrol could cost another 15p per gallon. I believe here are cheaper ways to produce such a petrol.

Plans to construct a methyl tertiary butyl ether (MTBE, unleaded octane improver) plant at Nigg Bay, Scotland, were announced last October. The capacity is stated to be 500,000 tonnes/year and the capital cost around £90m. In order to restore the octane value of petrol resulting from a lead reduction from 0.15 grams per litre (the legislated 1985 value) to zero, about 10 per cent (by volume) of MTBE would have to be added to petrol. At the present UK consumption of petrol, roughly 1m tonnes per year of MTBE would be required or two plants of the Nigg Bay capacity costing £180m. This is very dfferent from the £600m to £800m quoted by the oil companies.

The feedstock for this type of plant is the butane fraction of natural gas liquids, obtained from the North Sea or other natural gas operations. Using this as a feedstock to produce MTBE does not, of course, require extra quantities of crude oil would be required if high octane unleaded petrol is produced by refinery operations.

The cost of MTBE produced from natural gas liquids is about 80p per gallon and when added to petrol at the 10 per cent level would increase the overall cost of petrol by some 2p per gallon.

M. J. Pettman,
11, Rose Walk, Surbiton, Surrey.

From the Chairman, Campaign for Lead-free Air

Sir,—Sue Cameron (February 24) does a service to emphasise that the facts on pollution caused by lead in petrol are "either shrouded in secrecy or treated in a cavalier fashion" and that "many of the parties concerned had ulterior motives connected with either profits or politics." CLEAR's only concern, and that of the ten national organisations, the 170 MPs, the many doctors and scientists and members of the public who support it, is with the welfare of our children.

The British Medical Journal is quoted as saying that the position on this issue should be based on "reliable scientific evidence, not emotional propaganda." While people may well respond in an emotional way to the evidence, and with some justification, the evidence itself is scientifically based. It was this evidence that led the nation's chief medical officer of health to write to senior Whitehall colleagues that "there is a strong likelihood that lead in petrol is permanently reducing the IQ of many of our children . . . some hundreds of thousands are affected . . . that new evidence is accumulating all the time—and it always points in the same direction as the existing evidence, so that the health case becomes steadily stronger and stronger."

Sue Cameron refers to other sources of lead pollution but fails to emphasise that 90 per cent of all airborne lead comes from car exhausts, and that airborne lead infiltrates food and water and has a major impact on those sources of lead pollution as well.

If all the exaggerations of costs and difficulties, and all the amoral decrying of the health evidence is brushed aside, the following are the key points in the debate: Lead is a neurotoxin and is pumped into the atmosphere in vast quantities from car exhausts and is putting hundreds of thousands of children at risk. Other countries have shown that lead-free petrol can be introduced over a reasonable time scale. Lead-free petrol is inevitable in Britain. The three major opposition parties will, by the end of this party conference season, have committed themselves. The public want it. The health evidence is ever-increasing and damning. Thus it makes economic as well as public health sense for the industries to acknowledge reality now.

Des Wilson,
The Campaign for Lead-free Air,
2, Northdown Street, N1.

For sale by tender

From Mr M. Bealey

Sir,—Now the initial furore over Amersham International has died down it may be time to discuss in public the pros and cons of various issuing methods.

Certainly as a tax payer I would like the issue resolved before the issue of Britoil expected in May this year. The loss to the public of a premium similar to that expected for Amersham will be approximately £400m.

The sticking points between tender and fixed price offers for sale appear to centre around: (a) an equitable split between the greed of the jobbers on the one hand and vendors on the other. When the vendor is the taxpayer the loss by fixed price is a little more embarrassing for the City; (b) the desire of the Government to distribute shares to as many people as possible with a preference towards the "smaller investor." In fact, all it provides is extra profits for the printers of prospectuses and quality newspapers as the "small investor" and professional speculator compete in the game for all ages, "multiple applicator." The actual dealing profit on an overall basis is not that large when so much money is tied up for one to two weeks.

I am sure the institutions involved can refine the following system to suit all parties fairly. This involves an offer for sale by fixed tender and is not as "fixed" as it sounds. The offer is split into two parts and are offered for sale by fixed price and one by tender.

The fixed portion can be limited in size, probably being by far the smaller of the two parts; limit applications to a maximum number of shares, thus encouraging the playing of "multiple applicator" and a reasonable dealing profit for the jobbers; and will, spread the shares widely by favouring the small investor; be similar to administering the employee reserved schemes in current issues.

The tender portion can be by far the largest portion thereby achieving the best price for the vendor; and allow the institutions to achieve the size of holding they desire.

The only objections may be the mechanics of operating it, and determining a market price on the first day of dealings.

I think it is not beyond the issuing houses' ability to overcome the first, or the jobbers to decide on the latter, given the usual application date.

M. D. Bealey,
12 Braywick Court, Queens Road, Kingston Hill, Kingston-on-Thames, Surrey.

Money supply targets

From Professor W. Godley

Sir,—Mr Samuel Brittan (February 18) now describes, contemptuously, as "uncomprehending monetarists . . ." those "Treasury Ministers and officials (some of the latter being the same people) who have turned down the idea of restating the Government's financial strategy in terms of what always should have been its ultimate goal." Later in the same article he adds "Those politicians who accepted money supply targets, but baulked at the idea of a money GDP (or national cash limit), reveal that they never really thought through why they favoured controlling money supply in the first place. Nor is it any help to emphasise the public sector borrowing requirement, to which emphasis has switched. Unless justified in terms of some more final objective, a PSBR target becomes the mumbo jumbo that the 'wets' accuse it of being."

Mr Brittan seems to have forgotten his own advocacy of money supply targets while the ill fated "monetarist counter-revolution" was taking place as well as his rapturous response to the original medium term financial strategy. In an article in the FT on March 27 1980, called "A coherent Budget at last" his observation was that "For the economic observer, it is a very exciting Budget indeed. At long last, decisions have been made in a coherent framework . . . [and] there is a strategy for those elements which Governments can influence."

I regard Mr Brittan's proposal that money GNP targets should now be adopted as dangerous in the extreme. Moreover, when he claims that Professor James Meade considers this to be the most sensible objective to pursue he insufficiently emphasises the conditionality of Professor Meade's support for adopting a target for money GNP. Professor Meade's view, with which I entirely agree, is that unless the institutions through which money wages are determined are radically and effectively reformed the adoption of such targets could be "catastrophic."

Wynne Godley (Professor),
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue, Cambridge.

Samuel Brittan writes: There is nothing to forget. Three weeks before the MTFS was published I wrote on March 6 1980, in *Economic Viewpoint*: "The right thing to do is to explain in prose that the Government's real commitment is to limit the flow of money through the economy (in technical terms the nominal national product). The 'Sterling M3' targets are simply a means; and may need to be supplemented or tightened. To spell this out properly would not be to weaken monetary policy but to reinforce it. . . ." I thought I made it crystal clear in the article about which Mr Godley writes that Professor Meade's advocacy of a Money GDP target was (like Arthur Okun's) "conditional on parallel policies to curb wage increases." *Economic Viewpoint* of January 21 was devoted to a detailed discussion of Meade's book. What more can I do?

UK COMPANY NEWS

ICI advances to £335m and steps up total payout

FINAL QUARTER pre-tax profits of Imperial Chemical Industries at £114m were "significantly better" than the previous quarter's £86m and raised the total for 1981 to £335m, compared with £284m for 1980.

However, the directors point out that the underlying trend is not as satisfactory as the figures suggest since some £20m of the improvement represented currency gains on the settlement of export debts which arose from sales in earlier quarters.

They add that there is considerable uncertainty over economic prospects for the remainder of 1982 in all major markets and that there is no firm evidence yet of a sustained improvement in demand.

Nonetheless, a second interim dividend of 10p (5p) raises the net total by 2p to 19p per £1 share—stated earnings per £1 share were well ahead at 32.3p, compared with 22.1p.

Sales of the group, one of the largest industrial organisations in the world, reached £6.58bn (£5.72bn) for the year, of which chemicals contributed £5.75bn, an increase of £610m, and oil £831m, a rise of £256m—or some 45 per cent.

The increase in chemical sales comprised a volume improvement of 2 per cent, an increase in prices of 7 per cent and a 3 per cent advance in overseas sales owing to currency changes. Volume growth of 5 per cent in overseas markets contrasted with a 3 per cent reduction in the UK.

Group sales in the fourth quarter were £1.83bn (£1.44bn), comprising chemicals £1.57bn, a 6 per cent improvement over the seasonally low third quarter, and oil £263m (£174m).

Group trading profits for the year expanded to £425m (£332m). The pre-tax figure was after depreciation of £348m (£291m), profits less losses from trade investments of £52m (£62m) and interest and financing costs less income which came through as a debit of £142m (£110m).

Tax was lower at £111m (£123m) and after minority debits of £32m (£31m) and extraordinary debits well down at £6m, compared with £150m, there was an attributable profit of £186m, against a loss of £20m, from which dividend payments absorb £113m (£101m).

CCA adjustments reduce the pre-tax profit for the year to £84m (£73m).

Commenting on the results the directors say the continuing difficult trading conditions in world markets, particularly in the UK, permitted only a minimal improvement in profit margins despite significant savings on fixed costs.

They add that although margins recovered from the abnormally low levels reached in the second half of 1980, they nevertheless remained unsatisfactory and substantially below those achieved in earlier years.

The pattern of profitability remained largely unchanged. Profits in the agriculture, pharmaceuticals and industrial explosive sectors advanced, but profits from oil were lower as a result of the imposition of supplementary petroleum duty.

The petrochemicals and plastics, organics and fibres businesses continued to make significant losses, but these were substantially lower than in 1980. On a territorial basis there was a marked improvement in UK profits as exports returned to profitability (f.o.b. chemical exports rose to £1.3bn, compared with £1.12bn, and oil exports to £153m, against £57m) and also in profits in North Africa.

A divisional breakdown of sales and trading profits for the year shows: agriculture £1.25bn (£1.07bn) and £182m (£151m); fibres £444m (£432m) and £36m loss (£86m loss) general chemicals £1.23bn (£1.14bn) and £75m (£99m); industrial explosives £258m (£210m) and £35m (£19m); oil £1.06bn (£770m) and £83m (£97m) after provision for PRT and supplementary petroleum duty of £127m (£81m); organic and speciality chemicals £573m (£520m) and £30m (£34m loss); paint and decorative products £455m (£449m) and £27m (same); petrochemicals and plastics £1.75bn (£1.59bn) and £54m loss (£79m loss); pharmaceuticals £407m (£346m) and £90m (£66m); and miscellaneous £118m (£90m) and nil (£8m). Inter-class eliminations totalled £953m (£904m) resulting in a loss of £2m (£19m profit). Royalty income amounted to £32m (£24m) and Government grants £23m (£21m).

A territorial analysis of sales and trading profits shows: UK £4.22bn (£3.71bn) and £216m (£137m); Continental Western Europe £1.02bn (£924m) and £13m loss (nil); The Americas £1.08bn (£825m) and £63m (£44m); Australasia and the Far East £939m (£802m) and £94m (£85m); Indian sub-continent £140m (£96m) and £10m (£6m); other countries £99m (£87m) and £4m (£7m). Inter-territorial eliminations were £908m (£728m) resulting in a loss of £4m (£8m profit).

The authorisation of expenditure on fixed assets was again restrained in response to lower forecast demand for chemicals, the directors say. Actual capital expenditure in 1981 fell sharply because of actions taken in 1979 and 1980.

A territorial analysis of amounts authorised and spent was—UK £71m (£176m), Continental Western Europe £25m (£45m), The Americas £164m (£61m) and other countries £67m (£42m). Expenditure showed UK £168m (£390m), Continental Western Europe £39m (£148m), The Americas £118m (£117m) and other countries £86m (£69m). The otal authorised but unspent at year-end totalled £381m (£465m). In addition to the expenditure on fixed assets other new investments in 1981 amounted to £37m, compared with £48m in 1980.

The average number of people employed in the group in 1981 was 132,400 (143,200)

See Lex

HIGHLIGHTS

The Lex column considers the full year figures from ICI where profits are up from £284m to £335m. However demand is very flat and the advances the company is making are thanks to cost elimination. Lex then moves on to the third quarter figures from Plessey where cash continues to flow in and productivity is still improving. Rowntree Mackintosh published its full offer document for Huntley and Palmer yesterday and reported a sharp increase in 1981 profits to £40.2m. Finally the column lingers on the bids scene where RTZ is sewing up its move into the cement industry with an agreed offer for the Tunnel shares it does not already own.

Ratcliffs returns to profit

THERE has been a return to profits of £857,200 pre-tax from losses of £162,400 for Ratcliffs (Great Bridge) during 1981.

The final net dividend per 25p share has been raised from 0.75p to 1.25p making a total of 2p (1.5p). Stated earnings per share were 36.06p (nil) per share after tax release, and 16.74p (2.95p loss) before tax release. There was release of deferred tax of £904,000 (nil).

The company manufacturers brass and copper rolled strip

After tax, profits were £826,200 (£95,100 loss), tax taking £31,000 this time against a credit of £67,300.

The CCA loss after tax was £1.28m against £1.73m last time.

● comment

Ratcliffs' £1m turnround into profitability is chiefly due to the performance of the UK side, which made a profit of £85,000 as against a loss of £654,000 (including redundancy costs of £300,000) in 1980. Last year's exceptional metal loss of £154,000 was not repeated thanks to the stabilisation of the copper price. Costs were further reduced by last year's rationalisation, but selling prices have held up, rather than advanced. The Canadian subsidiary, last year's saviour, returned pre-tax profits up 46 per cent to £943,000, with much of the improvement coming from a more favourable conversion rate. The depressed state of the U.S. automotive industry has led to stickier trading since the year end. With cash in the bank, and no borrowings Ratcliffs has gone half way towards restoring the cut in last year's final dividend. Yesterday the share price gained 3p to close at 75p, yielding a rather unattractive 3.9 per cent.

Rowntree expands 28% to £40.2m

Rowntree Mackintosh has bolstered its contested £75m cash and share bid for biscuit manufacturer, Huntley and Palmer Foods, with a strong, if still incomplete, profits recovery for 1981.

Profits before tax rose by 28 per cent to £40.2m after interest charges of £9.3m against £14.9m. The contribution from associates—the 23.8 per cent holding in Huntley—is estimated to have been maintained at £1.5m. After a heavier tax charge, earnings per share have risen by 1.3p per share to 21.6p per share.

Rowntree is proposing a 5.3p per share net final dividend which would lift the total distribution by 10.3 per cent to 8p per share. It is also offering £1 nominal of 11 per cent loan notes 1987 as an alternative to each £1 in cash Huntley shareholders would be entitled to receive.

The bidder describes its trading performance as "encouraging." The UK confectionery business has benefited from a continued policy of cost reduction. Industry tonnages were maintained but the "risks" Rowntree took in pushing prices up at the beginning of the year in an increasingly competitive market led to a 1 per cent fall in market share and Rowntree's domestic volume slipped by between 5 and 6 per cent.

The board, headed by Mr Kenneth Dixon, stressed once again that the development of Rowntree's brands in Continental Europe must still be seen as a long-term project. "There is no other way of building a presence in Europe," he said.

Export margins were compressed by the rise in sterling parities during the year and sales value dropped by some 15 per cent.

In the formal offer document for the bid, which reaches its first closing date on March 18, Rowntree says it can realise the full potential of Huntley's biscuit and snack food businesses by: "increasing substantially" the level of investment; product development outside the UK; and "contributing marketing resources based on Rowntree's successful management of confectionery brands."

Rowntree also points to the strong balance sheet which would be enjoyed by the enlarged group.

On a pro-forma basis the enlarged group would have shown shareholders' funds of £313.6m and net debt of £84m. Rowntree expects to lift its own capital spending by about a third to over £40m this year and would normally commit about 5 per cent of turnover—£688m in 1981—to capital projects.

Mr Dixon also confirmed that Rowntree had been close to a major U.S. acquisition last year which, had it succeeded, would have "postponed" the offer for Huntley.

Rowntree did not anticipate significant earnings dilution if the bid for Huntley succeeded.

Huntley was studying the former offer yesterday and did not expect to reply for "another week or 10 days." Mr Hugh Brown, the finance director, said the results for 1981 are still being audited.

Huntley, he said, had been informed that Allied-Lyons had sold some if not all of its undisclosed holding in the biscuit group earlier this week.

Shares in Rowntree dropped 2p to 164p yesterday giving each Huntley share a value of just under 105p. Huntley's share price fell 1p yesterday to 105p.

Assuming full implementation of the offer, and no further employee share options are granted by Huntley, Rowntree will issue a maximum of 19.24m new ordinary shares for which it is seeking shareholders' approval at an extraordinary meeting on March 18.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amber Day ......int.	Nil	—	0.9	—	0.9
British Assets Trust	1.15	—	0.95	11	4.05
Cardinal Inv. Tst. ......int.	3.3	April 1	2.85	4.95	4.5
Crossfriar Tst. ......int.	2	April 2	2	—	5.5
DRG (SA)	4**	April 9	15	12	23
Footwear Indsty Inv. int.	1.54	—	1.54	—	5.04
ICI ...... sec. int.	10	April 2	5	19	17
Nesco Inv. ......2nd int.	3.5	April 2	3.5	7	7.6
Ntw Darien Oil Tst.	0.55†	April 26	—	—§	—
Plessey	3.54	July 1	3.22	—	7.63
Ratcliffs (Great Bridge)	1.25	May 1	0.75	2	1.5
Rights & Issues Inv.	2.8	—	2.8	3.8	3.8
St Andrew Tst.	4	April 14	3.8	6.5	6.3
Ward Holdings	3.01	April 2	3.01	4.2	4.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Special payment. §Forecast final of 0.15p. ¶First quarter payment. -Rate for the year forecast not less than 4.4p. **South Africa cents throughout.

Amber Day hit by cost of closure at six months

AFTER cessation losses of £616,000 taxable profits at Amber Day Holdings, clothing manufacturer and retailer, fell from £169,000 to £116,000, on turnover of £30.21m, against £15.02m, excluding pre-acquisition items.

The interim dividend for the 26 weeks to November 28 1981 has been passed, after a previous payment of 0.9p. The dividend due on the cumulative redemption preference shares on April 30 has been passed — it was also passed at the previous year-end.

The directors state that while losses in the ladieswear retail division have continued in the second half, they will not subsequently recur, and prospects for the group give grounds for cautious optimism.

Trading results reflect a substantial improvement in the performance of the outerwear division, say the directors, as well as satisfactory performances by other divisions. Results of the ongoing group show an improvement in trading profit to £761,000 compared with £169,000 for the first six months of last year.

The directors say that this is in line with previous expectations of recovery. In the last full year a pre-tax result showed a deficit of £290,000 (profits £643,000) on turnover of £40m (£30.2m). There was no final dividend. The directors stated that action taken in outerwear manufacturing and ladieswear retail divisions would be of importance in restoring the group's position.

There was an attributable loss of £111,000, compared with previous profits of £27,000, after extraordinary debits of £122,000 (£97,000) and debits for minorities of £105,000 (£45,000). Extraordinary losses relate mainly to redundancies and compensations for loss of office.

Earnings per ordinary 20p share were stated as 0.07p (0.12p).

● comment

How timely was Amber Day's acquisition of Rosgill. A year ago Amber picked up 83 per cent of Rosgill, the Pippa Dee and Dee Minor party plan business, for £2.38m. It chipped in £550,000 to these profits and should top £1m for the year—effectively covering Amber's rapid, but expensive, retreat from ladieswear retailing. Trading losses at ladieswear have escalated from £364,000 last year to £661,000 this half with perhaps another £400,000 to come before the year is out. Twenty one out of 25 shops have been closed and the others are on their way. Amber has been more successful in tackling its ailing outerwear division. From losses of nearly £750,000 in the previous six months outerwear has notched up a £100,000 profit thanks to a management shake-out and change of emphasis to casual clothing. The second half is the seasonally weaker period and by the year end Amber will probably be hovering somewhere around break-even. Without the burden of ladieswear losses recovery should come through in 1982-1983. But Amber is still saddled with a mountain of debt. In the last accounts shareholders' funds, ex-goodwill, of £4.26m were supporting net debt (including bills of exchange) of £5.79m. In the first half interest charges jumped from £240,000 to £423,000. Management believes cash flow will whittle away its borrowings over the next few years.

Jebsens betters forecast

Jebsens Drilling, sea rig operator, reports attributable profits of £5.45m for 1981, compared with the forecast £4.6m at the time of its share placing last year. The expected 10p dividend has been declared for the 12 months.

Attributable profits for 1980 totalled £545,000. However, the 1981 result includes the 67.5 per cent interest in PacNorse Drilling Corporation acquired in April.

Turnover for 1981 rose from £13.47m to £30.76m and operating profits before tax from £3.98m to £11.12m.

In his review, Mr Atle Jebsen, chairman, points out that an exchange gain of £3.2m was almost entirely the result of the revalution of the sterling debt in PacNorse Drilling

Mr Jebsen adds that results for 1982 are expected to show an improvement over 1981 and to be in line with those in the placing memorandum for 1982.

UK COMPANY NEWS

Tesco's trading is 'satisfactory'

SATISFACTORY TRADING was recorded by Tesco Stores (Holdings) during the Christmas period, in spite of a slow build-up aggravated by the abnormal weather, says Mr Leslie Porter, chairman, in his interim statement to shareholders.

Mr Porter adds that the group has been left with minimal stock levels. Trading in the first few weeks of January was affected by the severe weather conditions particularly in the West Country and Wales.

Twelve new stores are scheduled to open in 1982/83, which together with extensions, will add approximately 460,000 sq ft to selling area, says Mr Porter.

Group borrowings will benefit from the sales of investment land and properties surplus to requirements which to date have realised £22m.

At the end of 1981, Mr Porter states that the group was selected by Broxbourne Borough Council for a superstore development of 36,000 sq ft close to the group's Cheshunt headquarters. The nomination was won against competition from six of the leading retailers.

The initial programme of *introducing electronic point of* sale equipment into 15 stores is on schedule, says Mr Porter. The Edmonton store was the first to be equipped and became fully operational in January.

As reported on November 18 group pre-tax profits for the 24 weeks to August 15 1981, improved from a restated *£13.8m to £14.6m and the net* interim dividend, payable in March, is being increased marginally by 0.1p to 1.1p per 5p share.

Hill and Smith predicts current year improvement

IN HIS annual statement Mr Denis Hodgetts, the chairman of Hill and Smith, predicts that profits in the first half of the current year will be "appreciably better" than those of the corresponding period last year and subject to present trends continuing, he says he is confident that full year profits will show a "significant improvement."

He points out, however, that it would be unrealistic to expect the figures to reach the record 1980 level until there are more positive signs of a recovery in the economy generally.

Mr Hodgetts says trading in the steel stockholding division, which returned to profit in the final quarter of 1980-81, continues to improve and that satisfactory profits were earned in the first quarter of the current year. The division is expected to make a "healthy" profit contribution for the full year.

Demand in the forging sector is at a "very depressed level" although the small improvement which started at the end of last year has been maintained. The chairman says the division has to meet high energy costs and that the substantial increases in *oil and electricity charges* incurred last year have not been fully recovered in selling prices.

The reorganisation already implemented is expected to allow *the division to continue in small* profit but Mr Hodgetts warns that unless a more substantial improvement in demand arises in the near future . . . further reorganisation, redundancy and closures may become necessary to ensure a reasonable return on capital employed.

After satisfactory trading in October and November severe weather in December and January affected performance of the fabrication division. Birtley Manufacturing, acquired last year, is expected to benefit in the second half from its reorganisation and a first "proper" contribution to profits is confidently anticipated. Overall, the division is expected to maintain its contribution to profits.

The chairman says the group has ample funds to support further acquisitions and that advantage will continue to be taken of any suitable opportunities that arise.

As reported on January 29 group pre-tax profits for the year to September 30 1981 dropped from £1.13m to £411,592, reflecting the severity of the recession in the steel stockholding and drop forging divisions.

The consolidated balance sheet at year-end shows fixed assets at £4.26m (£3.71m) and current assets at £10.11m (£11.02m), including stocks and *work in progress £4.6m (£6.12m)*. Current liabilites totalled £5.39m (£5.87m).

The directors are proposing to change the name of the company to Hill and Smith Holdings at an extraordinary general meeting following the annual meeting at Birmingham, on March 26.

New Darien first year ends at £115,854 net

THE FIRST year for the New Darien Oil Trust has ended with after tax revenue of £115,854 for the period from December 3 1980 to January 31 1982. A special dividend has been declared of 0.85p and a final dividend proposed of 0.15p.

During the Trust's first year the directors have adopted a policy of gradual investment of the funds raised in February 1981. The significant level of liquidity at a time of high interest rates has produced substantially greater income than may be expected in future years, they say.

The directors stress that the special dividend arises from exceptional circumstances and should not be regarded as setting a precedent for payments in future years. The final dividend is expected to set the pattern for future annual payments.

Total income from investments amounted to £382,893. Taxation took £125,757. Earnings per share were stated at 1.16p.

The special dividend will absorb £85,000, and the proposed final £15,000.

Net assets were shown at £8.32m. Net asset value per share emerged at 83.2p. Adjusted for exercise of in full of rights attached to warrants, net asset value amounted to 84.7p.

U. U. Textiles shows £29,400 deficit midway

A COMBINATION of tight margins and short customer lead times was behind taxable losses shown by U. U. Textiles for the 26 weeks to December 25 1981. The pre-tax result moved from a surplus of £24,200 to a deficit of £29,400 for this women's and children's wear manufacturer.

In some cases, the directors stated, suppliers were unable to deliver according to schedule, which impaired factory efficiency. However, they add that since September the group has been trading profitably, and they are confident that pre-tax profits will be earned in the second half which should eradicate the first-half loss.

No dividend has been paid *(same). The last payment was* 0.2187p net per 10p share for 1975.

Sales were lower at £2.08m, against £2.56m previously.

Pre-tax profits were struck after reduced financing costs of £31,700 compared with £48,300 last time, and minority deductions of £1,200 (£1,300). There was no charge for taxation (same).

Attributable losses amounted to £42,700 (£4,500) after a lower extraordinary debit of £13,300 *(£28,700)*. The loss per share was given as 1.28p (1.05p earnings).

Marginal downturn at Eleco

ANNOUNCING the first half results of Eleco Holdings, the chairman Mr Frank Webster says they must give rise to a certain amount of satisfaction in these difficult times. The group has sustained its taxable profit within 5 per cent of the corresponding period of 1980—£734,000 against £773,000—despite a substantial drop in turnover from £10.37m to £8.38m.

This reflects in no small measure the policy of the last few years to create an investment income alongside trading. Net rents and interest accounted for £352,000 (£266,000) of the profit. This situation will continue with a steadily rising rental income partly in lieu of interest, but he looks forward to the time when profits will play a more positive role in the results and enable them to resume their former role.

The interim dividend is being maintained at 1p per share. Total *for the year ended June 30 1981* was 3.4p net from pre-tax profits of £1.67m, to which net rent and *interest contributed £596,000.*

Footwear Industry higher midterm

TAXABLE profits of Footwear Industry Investments rose from *£255,000 to £305,000 for the six* months ended November 1981. External sales, however, fell from £5.79m to £4.06m. The comparable profit figure included £29,247 received from the disposal of shares in an associate.

A net interim dividend of 1.54p per 25p share is being maintained — last year a *final* of 3.5p was paid out of pre-tax profits of £484,719. Half-year stated earnings per share rose from 3.2p to 4.2p.

Mr M. Sumray, chairman, and Mrs Sumray are waiving most of their entitlement on 1.2m shares which reduces the cost to the company by over £18,000 to *£44,000.*

The company manufactures and distributes footwear and supplies raw materials and components to footwear manufacturers.

Mr Sumray says the reduction in turnover was as anticipated due to lower sales by merchanting companies. Fiona Footwear, the company's manufacturing arm in Wales, increased production substantially over the same *period of 1980*. Bad weather, however, prevented factories from operating for six working days in Wales, although they are making good the lost production.

To meet rising demand, a further factory unit has been acquired adjacent to factories in Bridgend. This is coming on stream.

The chairman says cash balances at the half-year stood at a record level of nearly £2m. *The manufacturing company has* a full order book for some months. While merchanting activities have been slow, he says, the board hopes there will *be an upturn before long.*

Six months' tax took £137,000 against £126,000 and attributable profits rose from £129,000 to £146,000.

There was an extraordinary debit of £22,000 (nil) which Mr Sumray says represents net costs (less tax) of premises which have remained vacant following rationalisation.

Westwood Dawes £0.17m loss

AS PREDICTED at midyear, Westwood Dawes and Company finished the 12 months to end-December 1981 well in the red, the pre-tax deficit emerging at £166,893, compared with a surplus of just £91.

However, the group, a structural and mechanical handling engineer, had a better second half compared with the first six months — taxable losses for the period were reduced from the first half's £158,968, which included a debit of £37,842 for redundancies, to £7,925.

Full year redundancy costs totalled £38,048 (£46,688).

After tax credits of £84,080, against £14,136, the loss came through at £82,813 (£14,227 profit), equal to a loss per 25p share of 6.57p (1.13p earnings). There is again no dividend — the last payment was a final of 1.5p net, which made a total of 2.5p for 1979.

On a CCA basis the pre-tax loss was £248,866 (£121,048).

Ward Hldgs. slips to £1.2m fulltime but pays same again

LOWER pre-tax profits of £1.22m, compared with £1.58m, are reported by property developer Ward Holdings for the year ended October 31, 1981, although turnover for the period edged up from £12.81m to £12.91m.

After six months taxable profits had fallen to £310,000 (£813,000) and in their interim report the directors warned that the difficult market conditions *had not eased* and that *these* were affecting the present results.

Full year stated earnings per share emerged well down at *12.4p (16.8p) but a same-again* final dividend of 3.01p maintains the net total at 4.2p per 10p share.

Tax took £136,000 (£125,000) *and after minority credits last* time of £4,000 the attributable balance came through at £1.09m, against £1.46m.

The group has now completed the purchase of an area of 120 acres of land for residential development in Kent which the directors say is a prime site of key importance. Although it is having a significant effect on the company's borrowing requirement, it will prove an important acquisition, they add.

It is pointed out that at the present time there is a surfeit of second hand property on the market which is affecting the volume of new housing and the margins obtained. The directors say it is difficult to predict the timing of a positive recovery in the housing market.

The manufacturing operation is now making a satisfactory contribution.

AGRICULTURAL

The Agricultural Mortgage Corporation is issuing £2m of 14 per cent bonds dated March 4 1983 at par.

MINING NEWS

UK COMPANY NEWS

Renison tin mine strike leaves RGC in the red

BY KENNETH MARSTON, MINING EDITOR

DISAPPOINTING RESULTS for the first half of its initial full financial year to June 30 come from Renison Goldfields Consolidated (RGC), the company formed last June out of the merger of the Consolidated Gold Fields group's four Australian mining companies.

RGC has gone into the red with a loss of A$1.19m (£700,000) at the latest six months compared with a profit of A$11.15m in the same period of 1980. An interim dividend of 5 cents (3p) is declared.

Last June RGC expected to be able to declare a total dividend for the current year of at least 50 cents, depending on no unforeseen circumstances. But Mr Max Roberts, the chairman, points out that the expectations have not been realised and the interim dividend now declared is well below that which was contemplated at the time of the merger.

"The final dividend," says Mr Roberts, "will clearly and necessarily be dependent upon commodity prices and trading conditions during the second half of the year."

Inevitably, the company has suffered from low prices for its production of copper, precious metals and mineral sands. But the irony of the situation is that it has also lost money as regards tin, the only metal price which has been riding high—thanks to the support buying tactics that are believed to have been carried out on behalf of Far Eastern interests.

Instead of cashing in on the artificially high price of tin, RGC's big Renison mine in Tasmania has been hit by industrial disputes which included strikes totalling 5½ weeks. The mine is estimated to have lost A$9.7m in revenue as a result.

Industrial unrest also caused a closedown for more than three weeks at the Mount Lyell copper mine. The latter, living with copper prices which "in real terms were the lowest for several decades" additionally suffered from a fall in metal production as the result of an inavoidable extraction of low grade ore as part of the mine plan.

RGC says that while the group still expects to be profitable in the full year to June 30, losses will continue at the mineral sands and copper operations and with tin prices having fallen recently "the current financial year will be a tough year."

In London yesterday, RGC ordinary shares dropped 35p to 155p and the deferred were marked down 45p to 110p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals—Al Industrial Products, T. F. and J. H. Braime, Yorkshire Fine Woollen Spinners.

FUTURE DATES

Interims—
Campari International .... March 3
Courtney Pope .... March 5
Dueble Steels .... March 16
Westminster & Country Properties .... March 5

Finals—
British Vita .... March 8
Bunzl Pulp and Paper .... March 31
DRG .... March 24
Rea Brothers .... March 4
Ultramar .... March 3

Lornex profit falls sharply

A SHARP drop in fourth-quarter earnings left Canada's Lornex Mining with full-year net profits of C$23.2m (£10.3m), a fall of 64 per cent from 1980's C$65.1m. The fourth quarter produced just C$1.4m, compared with C$12.7m last time.

The British Columbia copper and molybdenum producer had earnings of C$2.81 a share for the year, against C$7.87 last time.

The company said that lower prices for both metals, plus by-product silver, a fall in investment income and higher operating costs were the main reasons for the decline. These factors more than offset the benefits of increased production.

Tonnage milled rose by 29 per cent to 22.9m tons as a result of the start-up of expanded mining and milling facilities in August. These facilities are designed to lift output by 68 per cent.

Coal boosts Oakbridge

NET OPERATING profit of Australia's Oakbridge mining, industrial and finance group for the six months to end-December 1981, rose by almost 60 per cent to A$5.5m (£3.2m), against A$3.5m, largely as a result of a sharply increased contribution from the mining side.

The interim dividend is raised to 3.5 cents (2.05p) from 3 cents last time.

The contribution to pre-tax profit from mining operations rose by 173 per cent over the previous comparable period, but showed no increase over the half-year to June 1981, although coal sales reached 1m tonnes in comparison with 666,000 tonnes in the June half.

Oakbridge said this was because of higher demurrage and interest costs, the Federal Government's coal export levy introduced in the August 1981 budget and a higher than normal proportion of local sales, at lower margins, as a result of port congestion.

These factors will continue to affect results in the second half, the directors said, but they expect full-year results to be satisfactory.

Norada's mine closure cost

THE abandonment of the Ontario silver, lead and zinc mining project near Park City, Utah, will mean a charge of between C$17m (£7.6m) and C$19m against 1981 earnings of Canada's Noranda Mines.

Noranda and the 49 per cent-owned Pamour Porcupine Mines each have a 50 per cent stake in the venture. Pamour has already said that it would take a C$15.6m write-off, citing weak metal markets and the inability to improve productivity for the close-down.

Ramar in profit midway

FOR THE six months to November 27 1981 Ramar Textiles returned pre-tax profits of £105,822, compared with a deficit of £149,611 for the corresponding months a year earlier.

The directors say the company's order book is in a "satisfactory position" and that they view the remainder of the year with reasonable confidence.

Half-year turnover of this manufacturer and distributor of ladies' clothing moved ahead from £6.53m to £6.95m. There was again no tax charge.

DRG (SA) slides to R5.36m

TAXABLE PROFITS of DRG (SA), the 70 per cent owned South African subsidiary of packaging and stationery manufacturer DRG, fell from R8.76m to R5.36m (£2.97m at current rates) in 1981. Turnover was ahead at R116.74m, compared with R99.4m. Tax took R1.5m, against R3.02m.

The directors say that, as warned in January, the profits of the stationery division were significantly below forecast, with the operating surplus R2.5m lower than in 1980. The group's auditors report that at the half year stage the division's results were overstated, after planned sales and margins were not met.

In the second half the division exceeded its sales budget and met the year's target, the auditors say, but at greatly reduced margins and increased overheads, so that profits were further eroded. However, the division only told the directors of this when the year end report was being prepared, after having continued until then to report profits in excess of those earned.

As a result, the division's managing director and two other executives have left, and DRG (SA)'s chief executive is monitoring performance.

Stated earnings per share fell from 44 cents to 23.3 cents and the final dividend of DRG (SA) is being cut to 4 cents making a total of 12 cents (23 cents).

IoM Steam Packet faces tough year

A FALL in advance bookings showed that 1982 was going to be a difficult year for the Isle of Man Steam Packet Company, Mr Edward Brownston, chairman, warned at the annual meeting in Douglas yesterday.

He said, however, that there was one bright sign—inquiries for the package tour, Haven Holidays, had shown an increase.

He said the company would continue to operate five ships, but had changed sailing schedules substantially in view of the decrease in traffic. The Manxman, the company's last passenger-only ship, would be in service for the coming tourist season, but its future would be reviewed when it ended.

Mr Brownston said the company had opposition in Sealink/Manxline which, in an effort to win a greater share of the traffic, appeared to offer fares that were uneconomic.

On roll-on roll-off freight service, Mr Brownston said the company had agreed to purchase the Jaguar which had been chartered for a year. He had noticed an increase in freight traffic and was expecting the freight service to be profitable this year.

The company had negotiated an agreement on manning levels with the seafarers' unions in an effort to find economies, he said.

Although the accounts show an operating loss of £620,552, Mr Brownston said he hoped the company would soon return to profitability.

He told shareholders that, because of the operating loss, the directors had agreed to forego 10 per cent of their fees.

LONDON TRADED OPTIONS

Feb. 25 Total Contracts 2014. Calls 1429. Puts 585.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	260	36	3	—	—	—	—	280p
BP (c)	280	14	—	24	5	32	—	"
BP (c)	300	5	17	14	2	20	—	"
BP (c)	330	2	1	6	1	12	—	"
BP (p)	260	6	2	—	—	—	—	"
BP (p)	280	17	87	20	—	26	—	"
BP (p)	300	34	20	36	—	38	—	"
CU (c)	130	15	—	19	1	22	—	142p
CU (c)	140	9	75	14	47	16	—	"
Cons. Gld (c)	420	44	10	57	—	74	—	442p
Cons. Gld (c)	460	17	2	30	20	42	20	"
Cons. Gld (p)	420	10	16	20	—	27	—	"
Cons. Gld (p)	460	32	7	33	1	44	—	"
Ctlds. (c)	90	2½	—	5	5	7	—	81p
GEC (c)	800	42	12	67	—	89	—	814p
GEC (c)	850	17	46	42	—	65	—	"
GEC (p)	750	8	5	16	—	—	—	"
GEC (p)	800	23	60	30	—	37	2	"
GEC (p)	850	47	15	54	2	65	—	"
Gr'd Met. (c)	180	21	—	28	3	33	—	195p
Gr'd Met. (c)	200	9	27	13	11	19	—	"
Gr'd Met. (p)	200	14	75	20	—	21	—	"
Gr'd Met. (p)	220	27	2	—	—	—	—	"
ICI (c)	240	90	10	92	10	—	—	328p
ICI (c)	280	50	12	52	—	—	—	"
ICI (c)	300	30	176	34	5	46	10	"
ICI (c)	330	12	23	22	37	30	10	"
ICI (c)	360	6	25	10	7	16	—	"
ICI (p)	300	4	7	12	—	15	—	"
ICI (p)	330	18	89	24	—	28	—	"
ICI (p)	360	44	48	46	17	48	—	"
Mks & Sp. (c)	130	13	5	15½	—	21	—	139p
Mks. & Sp. (c)	140	7	—	10	—	13½	3	"
Shell (c)	330	22	—	34	5	—	—	348p
Shell (c)	360	12	—	20	1	28	2	"
Shell (c)	390	5	—	14	20	20	—	"
Shell (p)	360	26	5	30	—	34	—	"
Shell (p)	390	56	2	58	—	60	—	"
Shell (p)	420	86	—	88	2	—	—	"
		May		August		November		
Barclays (c)	500	16	10	32	10	45	—	485p
Barclays (p)	500	38	—	43	10	45	5	"
Imperial (c)	60	25	—	28½	5	—	—	84p
Imperial (c)	70	16	10	19	20	—	—	"
Imperial (c)	80	9	150	11½	41	15	3	"
Imperial (c)	90	4½	14	5¼	220	8	14	"
Lasmo (c)	280	25	8	37	—	55	—	284p
Lasmo (c)	300	17	18	23	—	—	—	"
Lasmo (c)	330	7	40	15	10	—	—	"
Lonrho (c)	70	10	6	12	—	13	10	74p
Lonrho (c)	80	4	—	5	15	7½	27	"
Lonrho (p)	70	2½	—	4	1	5	—	"
Lonrho (p)	80	9	20	10	—	13	15	"
Lonrho (p)	90	18	6	21	—	—	—	"
P & O (c)	130	10	43	12	3	18	—	136p
P & O (c)	140	5	39	9	—	—	—	"
Racal (c)	330	35	—	48	—	60	1	353p
Racal (c)	360	18	1	30	1	40	—	"
Racal (c)	390	10	—	20	4	28	—	"
Racal (c)	420	6	—	10	15	—	—	"
Racal (p)	330	6	7	10	—	13	—	"
Racal (p)	360	18	1	25	1	30	—	"
Racal (p)	390	42	40	45	—	48	—	"
RTZ (c)	420	40	—	50	—	62	2	432p
RTZ (c)	460	24	—	35	—	45	2	"
RTZ (p)	420	15	1	22	—	25	—	"
RTZ (p)	460	35	3	37	—	40	—	"
Vaal Rfs. (c)	50	—	—	—	—	9	5	$53
Vaal Rfs. (c)	55	4½	3	6	6	7½	—	"
Vaal Rfs. (c)	60	3	—	3½	7	—	—	"
Vaal Rfs. (p)	55	5	—	5½	6	6½	—	"
Vaal Rfs. (p)	60	8	5	9½	—	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$350	—	—	15	45 B	—	—	$366.50
GOLD C	$375	—	—	10	32	3	45	"
GOLD C	$400	33	10.90	5	20	—	—	"
GOLD P	$350	50	8.50	6	12	6	14	"
GOLD P	$375	50	17.50 B	1	23	3	22	"
GOLD P	$425	—	—	2	58	—	—	"
12¾ NL 81 87-91								
C	F.107.50	50	1.50	—	—	—	—	F.108.40
C	F.110	—	—	760	0.90	—	—	"
12 NL'81 85-88								
C	F.102.50	—	—	4	2.40	—	—	F.103.30
P	F.100	—	—	4	0.70	—	—	"
P	F.102.50	—	—	30	1	—	—	"
10¾ NL 80 86-95								
C	F.97.50	20	2.70	20	3.20	—	—	F.99.50
C	F.100	34	1	50	1.40	—	—	"
P	F.97.50	—	—	50	0.60	—	—	"
		April		July		Oct.		
ABN C	F.300	—	—	6	3.50	—	—	F.274.50
AKZO C	F.22.50	48	7	—	—	—	—	F.29.40
AKZO C	F.25	350	4.80	55	5 B	—	—	"
AKZO C	F.27.50	318	2.30	263	3	30	3.20	"
AKZO P	F.25	50	0.10	10	0.40	—	—	"
AKZO P	F.27.50	70	0.40	—	—	—	—	"
HEIN C	F.50	90	4.50 B	—	—	—	—	F.53.60
HEIN C	F.55	55	180	24	2.20	—	—	"
IBM C	$65	—	—	—	—	6	4⅛	$62⅝
IBM P	$60	—	—	10	2	—	—	"
KLM C	F.90	152	10.80	—	—	—	—	F.99
KLM C	F.100	290	4.60	134	8	—	—	"
KLM C	F.110	276	1.60	196	4.20	—	—	"
KLM C	F.120	156	0.70 A	—	—	—	—	"
KLM P	F.80	64	0.40	10	1.60	—	—	"
KLM P	F.90	206	1.20	60	3.30	—	—	"
KLM P	F.100	94	4.40	—	—	—	—	"
KLM P	F.110	22	11.50	—	—	—	—	"
NEDL C	F.120	13	4.50 B	26	5.50	—	—	F.118.50
NEDL C	F.130	12	1.60 A	36	2.20	—	—	"
NEDL P	F.120	27	5	10	12	—	—	"
NEDL P	F.130	20	11.70	—	—	—	—	"
NEDL P	F.140	10	21.50	—	—	—	—	"
NATN P	F.105	10	1.50	—	—	—	—	F.106.60
PHIL C	F.20	82	4.30	11	4.60	—	—	F.24.20
PHIL C	F.22.50	91	2.20 A	62	2.60 A	15	3	"
PHIL C	F25	76	0.70	378	1.30	54	1.60	"
PHIL P	F.22.50	—	—	18	0.50	—	—	"
PHIL P	F.25	—	—	10	1.60	—	—	"
RD C	F.80	287	2.20	112	3.70	15	4.60	F.76.80
RD C	F.90	248	0.50	215	1.60	7	2.20	"
RD C	F.100	20	0.10	30	0.80	—	—	"
RD P	F.70	83	0.40	210	1.20	—	—	"
RD P	F.80	357	3.80	49	6	14	6.50	"
RD P	F.90	6	13.50	—	—	11	15.30	"
UNIL C	F.160	15	4.50	—	—	—	—	F.160.20
UNIL P	F.150	50	0.60	—	—	—	—	"
		May		Aug.		Nov.		
MANN C	DM.150	—	—	20	8.50	—	—	DM148.50

TOTAL VOLUME IN CONTRACTS: 6978

A=Asked B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday Feb. 24 1982	Increase (+) or Decrease (—) for Week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	38,688,537	— 644,533
Bankers Deposits	468,301,211	— 49,389,095
Reserve & other Accounts	3,034,252,229	+1,480,014,142
	3,555,794,977	+1,429,980,514
Assets		
Government Securities	1,269,240,069	+ 804,670,000
Advances & other Accounts	1,737,307,692	+ 657,444,627
Premises Equipment & other Secs.	537,100,482	— 39,213,875
Notes	11,945,147	+ 7,080,647
Coin	201,587	— 1,485
	3,555,794,977	+1,429,980,514

ISSUE DEPARTMENT

Liabilities	£	£
Notes issued	10,575,000,000	—
In Circulation	10,563,054,853	— 7,080,647
In Banking Department	11,945,147	+ 7,080,647
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,367,615,427	— 933,826,095
Other Securities	7,196,369,473	+ 933,826,095
	10,575,000,000	—

BASE LENDING RATES

A.B.N. Bank	13½%	Robert Fraser	14 %
Allied Irish Bank	13½%	Grindlays Bank	‡13½%
American Express Bk.	14 %	■ Guinness Mahon	13½%
Amro Bank	13½%	■ Hambros Bank	13½%
Henry Ansbacher	13½%	Heritable & Gen. Trust	13½%
Arbuthnot Latham	14 %	■ Hill Samuel	§14 %
Associates Cap. Corp.	14 %	C. Hoare & Co.	†13½%
Banco de Bilbao	13½%	Hongkong & Shanghai	13½%
BCCI	14 %	Knowsley & Co. Ltd.	14 %
Bank Hapoalim BM	14 %	Lloyds Bank	13½%
Bank Leumi (UK) plc	14 %	Mallinhall Limited	13½%
Bank of Cyprus	13½%	Edward Manson & Co.	15 %
Bank Street Sec. Ltd.	15½%	Midland Bank	13½%
Bank of N.S.W.	14 %	■ Samuel Montagu	13½%
Banque Belge Ltd.	14 %	■ Morgan Grenfell	14 %
Banque du Rhone et de la Tamise S.A.	14 %	National Westminster	13½%
Barclays Bank	13½%	Norwich General Trust	13½%
Beneficial Trust Ltd.	15 %	P. S. Refson & Co.	13½%
Bremar Holdings Ltd.	14½%	Roxburghe Guarantee	14½%
Bristol & West Invest.	15 %	E. S. Schwab	13½%
Brit. Bank of Mid. East	13½%	Slavenburg's Bank	13½%
■ Brown Shipley	14 %	Standard Chartered	‖13½%
Canada Perm't Trust	14½%	Trade Dev. Bank	13½%
Castle Court Trust Ltd.	14 %	Trustee Savings Bank	13½%
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	13½%
Cayzer Ltd.	14½%	United Bank of Kuwait	13½%
Cedar Holdings	14 %	Whiteaway Laidlaw	14 %
■ Charterhouse Japhet	14 %	Williams & Glyn's	13½%
Choulartons	14½%	Wintrust Secs. Ltd.	14 %
Citibank Savings	¶14 %	Yorkshire Bank	13½%
Clydesdale Bank	13½%		
C. E. Coates	14 %		
Consolidated Credits	14 %		
Co-operative Bank	*13½%		
Corinthian Secs.	13½%		
The Cyprus Popular Bk.	13½%		
Duncan Lawrie	13½%		
Eagil Trust	13½%		
E.T. Trust	14 %		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.00%. 1-month 11.25%. Short term £8,000/12 month 13.6%.
† 7-day deposits on sums of:—under £10,000 11.00%. £10,000 up to £50,000 11¾%. £50,000 and over 12¼%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12%.
§ Demand deposits 12%.
¶ Mortgage base rate.

Rowntree Mackintosh

1978 1981

1981 Preliminary Announcement

The following is a summary of the unaudited results of the Group for the financial year 1981 together with comparative audited figures for 1980:

	1981 £m	1980 £m
Turnover	688.0	629.8
Trading profit	48.0	44.8
Interest	9.3	14.9
	38.7	29.9
Share of associated companies' profits	1.5	1.5
Profit before taxation	40.2	31.4
Taxation	12.9	8.5
Profit after taxation	27.3	22.9
Minority interests and preference dividends	—	0.2
Profit attributable to ordinary shareholders before extraordinary items	27.3	22.7
Earnings per ordinary share	21.6p	20.3p

Notes:
1. The Board is recommending a final ordinary dividend of 5.3p per share (1980 4.75p) which together with the interim dividend of 2.7p per share (1980 2.5p) makes a total ordinary dividend for 1981 of 8.0p per share (1980 7.25p) absorbing £10.9m based on the existing issued ordinary share capital (1980 £7.9m). If the offer for the Huntley & Palmer ordinary shares is fully implemented on the basis that no further employee share options are granted by Huntley & Palmer, the proposed 1981 final dividend on the new Rowntree Mackintosh ordinary shares to be issued thereunder would absorb £1.0m.
2. The above figures have been prepared (a) in respect of Rowntree Mackintosh and its subsidiaries, on the basis of unaudited management accounts for the 52 weeks ended 2nd January, 1982 and (b) in respect of the Group's share of the profits of Huntley & Palmer, on the basis of an assumption that these will approximate to the aggregate of Huntley & Palmer's results for the 16 weeks ended 31st December, 1980 (derived from published financial data) and its published interim results for the 36 weeks ended 13th September, 1981.
3. Sales and profits of overseas subsidiary companies have been translated into sterling at year end exchange rates.
4. Extraordinary items arising in 1981 (excluding Huntley & Palmer) are estimated as follows:
adjustment on translation of overseas net assets into sterling—credit £5.4m (1980—debit £4.5m)
provision for rationalisation costs—debit £3.0m (1980—Nil).
5. Earnings per ordinary share for 1980 have been adjusted for the rights issue in 1981.
6. Current cost accounts will be included in the Annual Report.

Chairman's Comments

As forecast in the Interim Statement last September, the full year's results for 1981 show a return to profits growth, a reversal of the trend of the two previous years. Profits before tax were 28 per cent. higher at £40.2 million. Group turnover was up 9 per cent.

The Board has decided to recommend a final dividend of 5.3p per ordinary share making a total for the year of 8.0p per share, being an increase of 10.3 per cent. over 1980.

In a year of general economic depression and intense competition within the confectionery industry, trading performances were encouraging. In the United Kingdom the confectionery division, continuing its policy of cost reduction and benefiting from price rises at the beginning of the year, improved its trading margins—although at the expense of some decline in sales volumes and market share. Our grocery business, Rowntree Mackintosh Sun-Pat, performed well with increased volume and improved trading margins. With the combined effects of the strong pound and high United Kingdom inflation still disadvantageous in many markets, 1981 proved to be a difficult year for our exports; both sales and profits were substantially below 1980's exceptional performance. In Europe, where our objective continues to require the re-investment of profits to build strong, profitable brands, sales volumes increased by 4 per cent.; we believe we have the financial resources to continue a policy of investment in this important development area of the Group. The overseas division, which operates the more mature businesses in Australia, Canada, Ireland and South Africa, had a particularly successful year in terms of both sales and profits.

One of the main features of 1981 was the Group's very strong cash position. The contribution from shareholders in response to the rights issue, matched by continued, successful efforts to reduce working capital, was reflected in a lower interest charge. As a result the Group has entered 1982 with a strong financial base to support its strategy of investment in the United Kingdom and overseas—a strategy essential in your Board's view for the continued growth of the Group's earnings and dividends.

KENNETH DIXON

KIT KAT✻QUALITY STREET✻YORKIE✻SMARTIES✻POLO✻BLACK MAGIC✻GOOD NEWS✻FOX'S GLACIER MINTS
ROWNTREE'S PASTILLES✻AFTER EIGHT✻WEEK-END✻AERO✻ROLO✻DAIRY BOX✻TOFFO✻MATCHMAKERS
JELLYTOTS✻WALNUT WHIPS✻DRIFTER✻BLUE RIBAND✻BREAKAWAY✻MONTEGO
CREAMOLA✻PAN YAN PICKLES✻TABLE JELLIES✻SUN-PAT PEANUT BUTTER✻CHEDDAR SPREAD

BIDS AND DEALS

European Ferries expands in U.S.

BY DUNCAN CAMPBELL-SMITH

European Ferries, the shipping, finance and property group, is planning a significant expansion of its land development interests in the U.S.

Mr Keith Wickenden, the group's chairman, indicated last summer that its future in the property market would lie outside the UK after a number of adverse planning decisions, notably over the "green giant" site on the south bank of the Thames in London.

The group is now hoping to lift from 45 to 95 per cent its equity stake in Tech Center Inc, a U.S. company with suburban shop and office complexes in Denver, Colorado and Atlanta, Georgia. The value of the proposed deal is understood to be around £50m.

EF took its initial stake in 1979 in a complex deal requiring little or no cash outlay by the group. Tech Center's 50 per cent owner is Noramco, a private company owned by three Canadian individuals, Mr John Dick, Mr Bill Parks and Mr Vern Heinrich. The remaining 5 per cent of the equity belongs to a minority partner, with EF enjoying first right of refusal to any offer of sale.

Negotiations for EF's purchase of the Noramco shares were said yesterday to be at an advanced stage, while needing at least another month to be concluded. Payment will be made with EF paper, probably authorised but unissued shares.

Mr Wickenden said that there was no possibility of a rights issue to finance the deal—EF completed a one-for-one rights issue last May which raised £36.4m—while the issuance of equity in return for tangible assets would increase shareholders' funds and strengthen the group's balance sheet at the same time.

"The purchase will safeguard us against our partners selling out and leaving us in an unwelcome minority position," said Mr Wickenden. "Secondly, we think Denver is one of the key growth areas in the U.S. property market and Tech Center is based on one of Denver's own key areas."

He said he "would not dissent too far" from estimates of the U.S. company's earnings around £4m-£5m for 1981 and £8m-£10m for 1982.

The development interests comprise a series of joint ventures making up two complexes of about 600 acres in total in Denver, and a similar venture across about 100 acres in Atlanta. The Georgia Technological Institute holds 15 per cent of the latter. The Denver joint ventures are with a number of major U.S. companies including Aetna Insurance.

EF's increase in its holding remains conditional upon an examination of Noramco presently being undertaken by the group's accountants.

Mr Wickenden and Mr Sindle, EF's managing director, will also agree to remain with the group for five years in return for undertakings from Noramco's senior executives to stay with Tech Center. The three Canadians will remain as managers of the company.

The shares of EF closed up ½p at 82½p.

Charterhouse Petroleum offer for CCP

Charterhouse Petroleum, the oil exploration and production company with North Sea and Gulf interests which is 48.4 per cent owned by the Charterhouse Group, has made an agreed bid for CCP North Sea Associates.

CCP's shares, which are dealt on the Unlisted Securities Market, were suspended on February 15 at 145p. Trading resumed yesterday and the shares closed at 180p.

CCP is the North Sea exploration group in which Cluff Oil holds a 29.99 per cent stake. Its principal asset is a 6 per cent unitised Net Production Holding in the Buchan Field.

Under the agreed terms, Charterhouse Petroleum will offer 50p cash plus two of its ordinary shares for each of the 7.84m shares in CCP. The bidder's shares closed down 3p at 71p last night, valuing the offer at 192p per share, or £15.06m in total.

The terms also provide a limited option for CCP's shareholders to elect for cash in place of shares or shares in place of cash. The availability of this option will depend upon different shareholders making complementary elections, however, since Charterhouse's new share issue will be limited to 20.9m shares and its cash offer to £3.92m. Its share price will be assumed to be 75p for the purpose of calculating any exercised option.

Charterhouse Petroleum's share issue will increase its equity capital by between 16.4 and 20 per cent, depending on the mix of cash and shares offered. The maximum possible acceptance of shares will reduce the Charterhouse Group's stake in the oil company to 38.4 per cent.

The cash requirements of the purchase will be met out of existing cash resources which the company says exceed £30m.

Associated with the acquisition will be a payment of £100,000 to Cluff Oil by Charterhouse Petroleum for a 17.1 per cent interest in Block 20/8 of the North Sea. While Cluff will remain the operator of the block, this sale will add to the 4.9 per cent interest in it already held by CCP.

Dr Jack Birks, who will shortly retire as managing director of BP, took up his appointment as chairman of Charterhouse Petroleum the day after the company first approached CCP, on February 15.

He heads a company with a 13 per cent interest in an offshore field in Abu Dhabi and a number of holdings in the North Sea, including 2.3 per cent of the Thistle Field. The company said yesterday that a successful acquisition of CCP would make it "the first British independent oil company with interests in two separate UK oilfields in production."

Irrevocable undertakings to accept the offer have been given in respect of 12.5 per cent of the shares by two directors of CCP and in respect of its 29.99 per cent holding by Cluff Oil.

BICC takes 25% stake in Lamintref

BICC has agreed to buy for £1.6m a 25 per cent interest in Lamintref Aluminium NV, a Belgian aluminium rod producer. Lamintref Aluminium has traded since November 1981 and comprises the aluminium activities formerly carried out by Lamitref NV.

This investment will secure supplies of aluminium and aluminium alloy rod for the manufacture of overhead line conductors and power cables for BICC.

KIO DISPOSALS

The Kuwait Investment Office has reduced its stake in Chubb and Son from 11.12 to 10.84 per cent. Having sold 200,000 shares, it now holds 6.58m.

It has also disposed of 200,000 shares in General Accident Fire and Life Assurance Corporation, reducing its holding to 14.67m shares (8.9 per cent).

BAT INDUSTRIES

BAT Industries of the UK plans to reduce its 64.5 per cent equity stake in the Malaysian tobacco company Berhad (MTC) to 49 per cent to allow 51 per cent local ownership by 1985, MTC said.

RTZ makes agreed bid for Tunnel

BY RAY MAUGHAM

A MONTH after winning control of Thomas W. Ward in a contested £15m takeover battle, the giant mining group, Rio Tinto Zinc Corporation, has used Ward's 42 per cent stake in Tunnel Holdings to launch an agreed bid for the cement and speciality chemicals group.

RTZ is offering four of its own shares for every three "A" or "B" ordinary shares in Tunnel. Taking in the shares which RTZ already owns, including the "C" shares, Tunnel is valued at 572p per share or £138.15m with RTZ shares at 429p, down 4p yesterday. Tunnel "B" shares dropped 15p to 550p to match the value of the cash alternative the bidder is also offering.

Tunnel shareholders accepting the equity offer will be entitled to the final RTZ dividend in respect of 1981. That implies an approximate 18 per cent rise in income, assuming an unchanged total Tunnel dividend for the year to March. The dividend will not be paid to those taking the cash alternative.

The mining group already controls shares representing 50.9 per cent of Tunnel's voting rights and said last November, when it first bid for Ward, that it intended to make an offer for Tunnel. Tunnel, headed by Mr Derek Birkin, has been amenable to these overtures all along, with the important caveat that the price could be agreed.

Mr Birkin said yesterday that the price agreed after negotiations over the last 10 days "is about right." "Both sides," he said, "come out of this with honour."

He expected to produce a profits forecast and a circular to shareholders within the next few days. Tunnel's pre-tax profits grew last year from £10.5m to £15.6m and expanded a further 18 per cent from £7.53m to £8.75m in the subsequent six months. Mr Birking warned, however, that Tunnel's results for the second half of the year to March would bear the brunt of the unusually harsh winter.

He was "glad that it's all settled." The takeover action surrounding Tunnel started last March when Ward first unleashed an offer which valued Tunnel at some £95m, or 395p per share. It started with a big stake which it had held for a decade but, despite lifting its term to 435p, Ward never got beyond 42 per cent control.

As that bid rested in the balance, RTZ made its first appearance in June paying up to 450p per share to buy a small but crucial stake in Tunnel and halting Ward's advance.

The mining group then turned its attention on Ward, offering £112m last November, then £125m which was sufficient to win control of the engineering and building materials group. It now controls a fifth of the UK cement market and will be starting negotiations to see how its new UK assets fit together.

Burmah may alter Croda bid terms

THE MERCHANT bank advising Burmah Oil on its bid for Croda International, J. Henry Schroder Wagg, said last night that the oil company was "obviously thinking very hard" about the possibility of a change in the terms of the bid.

No decision had yet been taken though, said Schroders. The bid was accordingly extended once again without adjustment for another week. The terms remain 48p cash for each deferred Croda share and 70p cash for each ordinary Croda share. The two closed last night up 2p at 52p and unchanged at 82p respectively.

The level of acceptances received for the bid was only marginally higher yesterday than a week before, leaving Burmah still with effective control of 17.91 per cent.

Schroders acknowledged that before there was little hope of attracting further acceptances for the 70p bid against the background of Croda's present share price in the market. Sir Freddie Wood, Croda's chairman, said the latest disclosure of acceptances showed that Burmah was "not even getting the accidental ones."

Sir Freddie reaffirmed the confident profits forecast made by Croda earlier this week. "Our forecast generally speaking is based on our present performance rather than any projected improvement," he said.

Referring to some cautious remarks about the future from Sir Maurice Hodgson, the chairman of ICI which announced its 1981 results yesterday, Sir Freddie added that ICI's record had not always suggested a perfect anticipation of events. He pointed out that ICI cut its dividend last year at what proved to be the low point in the chemical cycle.

Schroders stressed that the ICI results suggested the "considerable uncertainty" prevailing in the sector and thought them "not really consistent" with Croda's own profit forecast for the current year.

Burmah's own shares closed unchanged at 108p.

Readicut Int. sells three subsidiaries for £0.6m

THE RUG kits and specialised textile products group Readicut International, has sold three subsidiaries for £600,000.

A local private company in Huddersfield, Gelpack, has acquired the stock and trade marks of Shaw Polythene, Shaw Readypack and Snappies for cash payable over a period of six months.

Shaw Polythene distributes polythene film and film products while Shaw Readipak and Snapies manufacture and distribute household disposable products. Snapies has been a persistent lossmaker since its acquisition for £1.76m in October 1980 from the receiver of Empress Products.

The three companies lost an aggregate £500,000 or so in the six months to September 30 last year when the group made a trading profit of £293,000 and a pre-tax loss of £595,000.

The subsidiaries fall outside the mainstream of Readicut's operations the group explained, and Mr H. Morrell, vice-chairman, said yesterday: "We are aligning ourselves fully behind the textile industry."

Readicut, however, has had to bear the cost of redundancies in the three companies now sold. Since the autumn their total payroll has fallen from 250 employees to about 100.

Gelpack is to rent two premises in Huddersfield at rents of £20,000 annually over five years and a similar sum over 25 years respectively. The buyer will also hire certain associated plant on a five year rental of £36,000 per annum.

The vendor has received three inquiries for the remaining building which is expected to realise between £150,000 and £200,000.

SPAIN

February 25	Price %	+ or −
Banco Bilbao	335	
Banco Central	394	
Banco Exterior	310	
Banco Hispano	322	
Banco Ind. Cat.	110	−2
Banco Santander	398	−3
Banco Urquijo	236	
Banco Vizcaya	379	
Banco Zaragoza	237	
Dragados	170	+5
Espanola Zinc	66	+2
Fecsa	60.2	
Gal. Preciados	45	−1
Hidrola	66	+0.5
Iberduero	51	−0.5
Petroleos	99.7	+1.2
Petroliber.	94	
Sogefisa	14	
Telefonica	73.5	+1.5
Union Elect.	63	−0.2

NOTICE OF REDEMPTION

To the Holders of

Mitsui Petrochemical Industries, Ltd.

8 per cent. Guaranteed Notes due 1984

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(A) of the above Notes, the undersigned will redeem on April 1, 1982 $5,350,000 aggregate principal amount of said Notes at their principal amount, together with interest accrued to the date of redemption.

The serial numbers of the Notes to be redeemed are as follows:

[illegible]

On or after April 1, 1982 said Notes will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Notes will be paid upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder at any one of the following paying agents: The Industrial Bank of Japan Trust Company, Principal Paying Agent, One Wall Street, New York, New York 10005; The Mitsui Bank, Limited, Galilee Building, Avenue Galilee, 1030 Brussels, Belgium; The Mitsui Trust and Banking Company, Limited, 99 Bishopsgate, London EC2M 3XD; Kredietbank, S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg; Credit Lyonnais, rue du Quatre-Septembre, 75002, Paris, France.

Payments other than in New York City will be made by US dollar cheque drawn on, or by transfer to a US dollar account maintained by the payee, with a bank in New York City.

Coupons due April 1, 1982 should be detached and collected in the usual manner.

From and after April 1, 1982 interest on the Notes to be redeemed will cease to accrue.

Dated: February 26, 1982

Mitsui Petrochemical Industries, Ltd.

NOTICE

The serial numbers of Notes drawn for redemption on April 1, 1981, and not yet presented for payment are as follows:

3	7517	13018	13082	13501	13569	13608	13619	13681	13701	13713	19475	19554	19624	19723	19783	19786	19811
614	13012	13032	13497	13530	13504	13611	13638	13667	13707	19458	19502	19569	19649	19773	19784	19798	

Plessey £18m ahead at nine months

PLESSEY'S GROWTH continued in the third quarter of the current year, with telecommunications once again leading the way.

For the period, group pre-tax profits advanced from £22.09m to £27.51m, leaving the result for the nine months to January 1 1982 some £18.11m higher at £78.77m. Earnings per 50p share for the third quarter rose from 6.59p to 7.17p, and for the nine months they showed a 22.9 per cent increase at 20.59p. The net interim dividend is being lifted from 3.22p to 3.542p. Last year's total payment was 7.631p.

Sales for the 39 weeks expanded by 14.6 per cent to £673.9m, after adjusting last year's corresponding result which was on a 40 week period. Operating profits of £72.3m increased by an adjusted 19.7 per cent, and exports from the UK were up by 31.5 per cent to £83.5m.

Telecommunications continued to make strong headway, with sales rising from £54.9m to £291m and operating profits pushing ahead from £28.98m to £37.21m. Turnover of the electronics and equipment division improved from £180.1m to £214.1m but, due to increased investment in product development and reduced margins in continental Europe, profits fell from £13.91m to £12.6m.

The recovery in microelectronics and components continued, with profits rising from £4.82m to £5.93m on virtually unchanged turnover of £82.1m (£82.6m). In addition, aerospace and engineering again performed well. Here, profits rose from £10.94m to £12.6m on turnover of £86.7m (£85.4m).

Sales per employee for the nine months increased by 24.4 per cent to an annual rate of £20,591.

After depreciation of £17.78m (£16.64m), but including group services of £4.44m (£3.32m), operating profits totalled £72.34m (£61.98m). The pre-tax result included share of associates £3.06m (£2.61m) and interest receivable of £14.05m (£4.99m). It was after charging interest payable of £10.67m (£8.92m).

Tax took £27.6m (£19.5m) and minorities £1.44m (£1.12m), leaving earnings before extraordinary items ahead from £40.04m to £49.74m.

Orders at the end of December 1980 amounted to £1,204m compared with £1,195m a year earlier.

BTR Hopkins up 85%

TAXABLE profits of BTR Hopkins, the 67 per cent owned subsidiary of BTR Australia which is in turn wholly owned by general rubber manufacturer BTR, leaped 85 per cent from A$8.09m to A$14.98m (£8.84m at current rates) in 1981. Turnover rose 61 per cent to A$128.55m, compared with A$80.08m.

With stated increased earnings per share of 33.4 cents (25.8 cents) the final dividend is being raised from 5 cents to 6 cents making a total of 11.5 cents (10 cents). This is being paid on capital enlarged by a one-for-five bonus in February 1981.

The directors say continued growth and progress are in prospect for the current year. Orders and inquiries were at much higher levels at the beginning of the year than in 1981.

In 1981 they say there was sustained demand for mining and materials handling products, automotive components, cryogenic vessels and marine and aviation survival equipment.

Tax took $6.39m ($2.21m), and after extraordinary profits net of tax of $1.55m ($60,000), the attributable profits emerged at $9.88m ($5.95m). The pre-tax profits were arrived at after depreciation of $1.88m ($1.07m) and interest charges of $1.92m ($1.36m).

Osprey Assets seeks listing

A NEW investment trust, Osprey Assets, incorporated in June 1981, is coming to the Stock Exchange by way of an introduction.

The company has assets of about £600,000, all the capital having been subscribed by investment clients of stockbrokers Dennis Murphy, Campbell, Aberdeen advocates Davidson and Garden, and directors of the company. Last summer 2m ordinary 25p shares were issued at 30p each.

The listing is being sought for tax reasons. Once Osprey Assets has qualified as an authorised investment trust, it will no longer pay tax on capital gains arising from the sale of investments.

Asset value is slightly above 30p per share, and over 80 per cent of the fund is invested in temporary deposits and gilts. After listing has been obtained, the company intends to build up a balanced portfolio, covering most sections of finance and industry.

An interim dividend of 0.5p per share has been declared in respect of the period to June 1982, and the directors are forecasting a final of not less than 0.9p per share, which would represent a yield of 6.7 per cent.

APPOINTMENTS

Managing director of Glacier Metal

Dr Christopher R. Burns has been appointed managing director of THE GLACIER METAL COMPANY part of the AE Group, from April 1. He succeeds Mr G. Walsh, who has been appointed divisional managing director of AE's bearings division, of which Glacier Metal is a part. Dr Burns joins AE after three years with T. I. Jackson, where he was plant director. For most of his previous career he worked for the Alfred Herbert Group.

★

VISA INTERNATIONAL has appointed Dr Ugo Scarpetta as general manager for Europe, Middle East and Africa, based in London. He joins Visa from Banca d'America E d'Italia, where he was a member of the management committee. During his 32 years with the bank, he was responsible for building Visa in Italy. As a representative of Banca d'America E d'Italia, Dr Scarpetta contributed to the formation of Visa International and has been a board member since its inception.

★

Mr W. E. Bell has joined the board of COSTAIN GROUP as a non-executive director from July 1. He is a director and the Middle East regional co-ordinator of Shell International Petroleum Company.

★

Mr J. F. Davies has been appointed deputy managing director of YORK TRAILER HOLDINGS. He was formerly managing director of York Trailer International and will continue to be responsible for the day-to-day operation of this division. Mr Larry M. Hotchkiss becomes a non-executive director of York Trailer Holdings. He is vice-president of Flexivan Inc., and was marketing director at York until 1973.

★

The ENGINEERING EMPLOYERS' FEDERATION has elected Sir Peter Matthews, chairman of Vickers, as president for the coming year. The two new vice-presidents are Mr Allen Greenwood, deputy chairman of British Aerospace, and Mr Duncan McDonald, chairman of Northern Engineering Industries. The council approved the appointment of Dr James McFarlane as director-general of the Federation. He takes over from Mr Anthony Fordsham.

★

HIGHGATE AND JOB GROUP has appointed Mr A. Laird, Mr M. E. Constable and Mr R. McNeil as directors.

★

Mr Edward D. Collins, of New York, has been appointed a non-executive director of HANSON TRUST.

★

Mr David A. C. Sarre, a director of BP INTERNATIONAL will retire on April 29. His place on the board will be taken by Mr Michael J. K. Savage who will be responsible for personnel and pensions administration. He will also be the regional director for Africa. Mr Savage has for the past four years been president of Sohio Petroleum Company, BP's U.S. associate company.

★

Mr Eric Senat, director of business affairs, for Warner Bros in Europe has today been named a vice-president of WARNER BROS (CONTINENTAL).

★

Mr Peter J. Brabrook, formerly chairman of Oxley Printing Group, has joined PERGAMON/BPC as managing director of BPC Group Services. He is also appointed non-executive chairman of the recently acquired Product Support Graphics Companies in Derby, East Kilbride and Birmingham.

★

Mr Edmund Fisher has been appointed managing director of Macdonald and Co. (Publishers), a BPC company. He will be in charge of all book publishing activities within the Macdonald group. Mr Fisher is a former managing director of Rainbird Reference Books, Michael Joseph and Sphere Books.

★

Mr Michael H. E. Lesser has been appointed a director of J. E. LESSER AND SONS (HOLDINGS). Also appointed to the Lesser board is Mr Peter Willers, previously company secretary. Mr Bernard J. Thomas, assistant company secretary since 1975, has been appointed acting company secretary.

★

At the WIGGINS TEAPE GROUP Mr Bill Heath will succeed Mr Sam Burroughs in September on his retirement as group personnel director. Mr Heath will relinquish his position as chief executive of UK operations in July, but will continue as non-executive chairman of Wiggins Teape (UK). He will also take over responsibility at board level for group research and development from Mr John Chumrow. Mr Alex Halliday will become chief executive of UK operations from July. He will be appointed deputy chief executive of UK operations and a director of Wiggins Teape (UK) in April, and will relinquish his responsibilities in overseas operations. Mr John Berry will be appointed a territorial director of overseas operations and a director of Wiggins Teape Overseas in April. Mr Hance Fullerton is appointed divisional general manager responsible for packaging and industrial division and becomes a director of Wiggins Teape (UK).

★

GATX LEASE FINANCE, has appointed Mr Eric Crane as co-general manager. He was assistant general manager with Concord Leasing.

★

Mr Brian T. G. Nicholson, joint managing director of The Observer, has joined the board of LLOYD'S OF LONDON PRESS, publishing subsidiary of Lloyd's.

★

Mr Alan Tilbury has been appointed secretary of the BREWERS' SOCIETY. He was previously deputy secretary. He succeeds Mr Ronald Matthews, who is retiring after 49 years' service with the Society.

★

Mr Robin Hill has been appointed director of finance of the PHARMACEUTICAL SOCIETY of Great Britain.

★

Mr P. Foley has been appointed managing director of IMI FLUIDAIR.

★

Mr Steve Gebbett has been appointed creative director of CHARLES BARKER LYONS.

★

URM (UNITED KINGDOM) has appointed Mr Joe Beeston as sales director.

★

Mr John Mortimer has been appointed managing director of IFS (PUBLICATIONS), Bedford. He was previously publishing director and editor of The Engineer.

★

Mr Julian Barnwell, manager of process planning and design, has been appointed a vice-president of BECHTEL GREAT BRITAIN.

★

BRITISH RAILWAYS BOARD has appointed Mr Michael V. Casey as director of mechanical and electrical engineering. He is engineering director, British Rail Engineering, and succeeds Mr Kenneth Taylor, who is to retire on March 31.

★

Dr Alasdair Maclean, at present a director of ICI fibres division, has been appointed managing director of the SHIRLEY INSTITUTE.

★

Mr J. Alan Clough, chairman and joint managing director of British Mohair Spinners, has been elected president of the Bradford-based CONFEDERATION OF BRITISH WOOL TEXTILES.

★

Mr Edmund R. W. W. Pears has resigned as managing director of COMET GROUP. Mr Paul N. Gay has been appointed deputy chairman in addition to his duties as financial director.

★

Mr John S. Singleton has been appointed managing director of KONE MARRYAT SCOTT, maker of lifts and escalators. He was previously a director of RHP Bearings, Newark.

Chrysler reduces annual net deficit to $475.6m

BY PAUL BETTS IN NEW YORK

CHRYSLER, the troubled number-three U.S. car maker, has incurred a net loss of $475.6m for 1981, against estimates of more than $500m for the year, and the whopping $1.71bn deficit of 1980.

Final quarter results were also better than U.S. car industry analysts had expected, amounting to a loss of $86.6m compared with a loss of $235m in the fourth quarter of 1980. A loss of $100m or more in the final period had been expected.

Despite the continuing difficulties of the U.S. car market and the economy in general, Chrysler appears increasingly optimistic about its future. The company, whose sales increased last year from $9.28bn to $10.82bn, is predicting a $150m operating profit this year. This projection was made by Chrysler to the Federal Loan Guarantee Board, which is trying to salvage the ailing car maker.

Mr Lee Iacocca, Chrysler's chairman, said that this estimate did not include the company's agreement last Friday to sell its defence subsidiary to General Dynamics for $348.5m.

Although the company is now adopting an increasingly upbeat approach, analysts forecast heavy losses in the first quarter of this year with some estimates putting this at $100m. Mr Iacocca, however, claimed this week: "I can't see what would prevent us meeting our earnings objectives for this year," except continued high interest rates between the 17 and 20 per cent level.

Chrysler is continuing its "stringent cost-cutting programme." In addition to reducing the break-even point in sales to half of what it was two years ago, Chrysler has implemented an internal asset management programme to convert some of its working capital into cash by next June.

Two Swedish Eurobond offers

BY ALAN FRIEDMAN

THE SWEDISH Export Credit Corporation is back in the Eurobond market with two issues—a $200m zero coupon bond and a $75m fixed-interest offer. Together with other offerings during the week, this brings to more than $1.2bn the volume of new Eurodollar paper since Monday.

The $200m 12-year zero paper is priced at 19.70 to yield 14.50 per cent. Morgan Stanley is lead-manager and the actual amount being raised comes to $39.4m.

The $75m offer is an unusual deal. With an indicated coupon of 15½ per cent, the pricing seems at first glance out of line with the market.

But the seven-year paper provides an option for bondholders to convert from fixed into floating rate notes every six months for the first four years. The conversion into floaters paying the London interbank offered rate (Libor) provides a certain degree of downside protection for investors.

The bonds are non-callable for five years and then at par in the sixth and seventh years. Lead-managers are Morgan Stanley, Bank of America and CSFB.

For those who wish to move from floaters to fixed rate notes, Dome Petroleum is in the market with its own brand of paper. It is selling $50m of floaters with a spread of ¼ point above Libor through Societe Generale.

Each note has two warrants which entitle the holder to buy seven-year fixed-rate paper with a 16½ per cent coupon. This means the borrower could raise an additional $100m if the warrants are used in the next 12 months.

In the secondary market dollar bond prices gained ½ point yesterday in moderate to active trading. Some dealers found themselves running out of stock and Swiss retail investors were said to be particularly busy.

In the Euro Deutschemark sector Nafinsa, Mexico's State financing bank, is paying 11 per cent on DM 150m of eight-year paper. The coupon represents a premium above the current market rate, but higher coupons generally bring out the German retail investors. Dresdner Bank is leading the issue.

Deutsche Mark foreign bond prices were up around ½ point while Swiss franc foreign bond prices increased ¼ point last night.

Mexico is placing SwFr 100m of five-year paper through UBS and the coupon will be 8¾ per cent, a trifle high for the current Swiss market.

● The World Bank, which is in the Eurodollar market with a $250m issue, is raising Y20bn with a 10-year Euroyen offer through Daiwa Europe. The coupon is indicated at 8¾ per cent.

Usiminas, a Brazilian steel group, is placing Y10bn with a 10-year private samurai bond managed by Bank of Tokyo. The coupon will be 9 per cent.

Bond queried on share price fall

By Our Financial Staff

THE PERTH Stock Exchange has asked Bond Corporation Holdings (BCH), the main quoted company of Mr Alan Bond, the Australian entrepreneur, if it can explain the sharp fall in its share price over the past week.

BCH closed in Perth at A$1.55 a share yesterday after trading as low as A$1.35 in the session. Wednesday's close was A$1.73, Tuesday's A$1.90 and the price last week was more than A$2. The range in the share price last year was between A$4.30 and A$2 and it stood at A$2.70 at the beginning of this year.

This drop has taken place against a background of a decline of more than one-sixth in the Australian All-Ordinaries index.

BCH said the only reason for the sharp decline in its share price was the "completely unfounded" rumours circulating on the Sydney Stock Exchange about the company's financial health. Its interim results are due soon.

The company said it would meet the Perth exchange's request for a statement today.

BCH, which is majority-owned by Mr Bond, has pursued an aggressive takeover strategy in recent year's including last year's A$160m (U.S.$10m) acquisition of Swan Brewery of Perth.

Further growth at Litton Industries

By Our Financial Staff

LITTON INDUSTRIES, the defence electronics, office equipment, shipbuilding and industrial group, has reported a further gain in earnings for its second quarter.

Operating net profits for the period to January 31 advanced from $74.94m to $84.66m on sales ahead from $1.16bn to $1.19bn. Per share profits came to $2.07 against $1.82 previously.

After the improved opening quarter result, net operating profits for the half year came to $161.25m compered with $135.85m last time, on sales of $2.43bn compared with $2.29bn. Per share profits were $3.94 against $3.31.

The latest results exclude a turnround of $2.25m on foreign currency translations from last year's $2.2m loss for the quarter and a gain of $910,000 compared with a loss of $1.8m for the half year.

ITT hopeful despite tough year

By Our New York Staff

EARNINGS OF International Telephone and Telegraph, the U.S. telecommunications conglomerate, fell by about 10 per cent in 1981. But this includes some extraordinary gains and charges. Stripped of these, the underlying operating income rose a modest 4 per cent.

Mr Rand Araskog, the chairman, said the last two years had been difficult, and the outlook was still not encouraging. "But we look forward to a gradual recovery and believe we are positioned to capitalise on any upswing in world economies."

Total earnings for 1981 were $676.8m, or $4.58 a share, down from $755.4m or $5.16 a share in 1980. Excluding special items earnings were $694.6m, up from $658.4m.

In the final quarter ITT earned $247.2m, down slightly from $250.1m the year before.

Mannesmann acquires full control of computer group

BY JAMES BUCHAN IN BONN

MANNESMANN, THE West German steel pipe-making and engineering group, has taken a further step in its policy of diversification with the 100 per cent acquisition of Kienzle Apparate, the loss-making computer and electronics company based in the Black Forest.

Mannesmann acquired 50 per cent of Kienzle last February for a price in Mannesmann shares of around DM 100m ($42m). The purchase of the remainder, which was approved by the Mannesmann supervisory board on Wednesday, will cost the Duesseldorf concern about half as much, according to Herr Egon Overbeck, Mannesmann's chief executive.

With sales of around DM 900m and a workforce of 8,600, Kienzle Apparate has been suffering increasing difficulties in recent years with losses of DM 14.8m in the year to last March and double that figure expected for this year.

Although Mannesmann last year saw a marked improvement in its steel pipe business, and expects to announce higher earnings for 1981 than the DM 140m in 1980, the group has been concerned at the tight profit margins and market vulnerability of its traditional business and has been aggressive in its diversification into electronics.

Last year, Mannesmann bought a majority stake in Hartmann und Braun, a subsidiary of AEG-Telefunken involved in the manufacture of measuring equipment, and 20 per cent of AEG Telefunkens telecommunications division as part of a major venture with Robert Bosch. Mannesmann also acquired Tally, the U.S. manufacturer of computer printers.

The complete acquisition of Kienzle, Herr Overbeck said, would bring Mannesmann from the periphery to the heart of data processing and fit in with other Mannesmann activities in the information technology area. Kienzle has two divisions, data processing systems and small specialised machines such as tachographs and taximeters.

Kienzle has for some time felt the need to update and expand its data processing business but, with share capital of only DM 90m, clearly stood in some need of an additional injection of funds.

PUK to boost capital spending

BY DAVID WHITE IN PARIS

IN A bid to develop its profit centres Pechiney Ugine Kuhlmann (PUK), the newly nationalised French metals and chemicals concern, is to step up its investment effort this year.

It confirmed that group results last year showed a loss of FFr 1.75bn ($290m) after a FFr 607m profit in 1980, on sales that rose 8 per cent to FFr 41bn.

Capital spending this year will show a "marked increase" on last year's figure of FFr 2.7bn, the company said. Plans include a second aluminium electrolysis unit at Tomago in New South Wales,

At the same time, the company said it would seek to develop its role as supplier of specialised materials for advanced technology industries. Under a recent agreement with Hercules of the U.S. to form a joint company under French control, it plans to set up a carbon fibres plant in France.

PUK, which is one of France's top exporters and represents the biggest French presence in the U.S., made 57 per cent of its 1981 sales outside France. Of these, exports from French plants accounted for 31 per cent of turnover, and sales of foreign subsidiaries 26 per cent.

PUK parent company profit was cut back last year to FFr 137m from FFr 325m in 1980, after the abandoning of FFr 441m-worth of credits to its special steel unit, Ugine Aciers.

This unit, which had a turnover of FFr 2.66bn last year, will no longer be consolidated in PUK's results following a recent agreement with the Sacilor steel group—also nationalised—giving the latter a majority stake.

The company calculate the net value of its shares at FFr 151 apiece, compared with the FFr 124.45 price offered as the basis for compensation by the state for PUK shares.

Credit Suisse holds steady

By John Wicks in Zurich

NET PROFITS of Credit Suisse dropped to SwFr 276m ($147.6m) last year, a 1.8 per cent decline from the record SwFr 218m ($150.2m) booked for 1980.

The bank, Switzerland's third biggest, showed a 6 per cent increase in gross earnings to SwFr 469m but raised its depreciation and provisions total by SwFr 34m to SwFr 193m "in the light of higher domestic and foreign risks."

At its March 26 general meeting, the board is to recommend payment of unchanged dividends of SwFr 80 per bearer share and SwFr 16 per registered share on entitled capital of SwFr 1.31bn.

Before this payment, however, there is to be a distribution of a stock dividend in the form of participation certificates of a newly-formed company, CS Holding. These certificates will have nominal values of SwFr 50 and SwFr 10 and be issued on a one-for-one basis against each bearer and registered share of the bank respectively.

CS Holding will in future act as a holding company for credit Suisse's participation in Financiere Credit Suisse-Frist Boston and for 5,000 shares held by the bank in trowatt.

Net income of CS Holdings will be paid to holders of the new participation certificates as dividend, the first such payment expected by the bank to be 5 per cent.

At the same time, Credit Suisse announces plans to issue a SwFr 300m warrant loan. Warrant bonds of SwFr 1,000 and SwFr 200 nominal value respectively, will be offered to holders of every 10 bearer and registered shares. To guarantee this issue, the bank is to increase its share capital by SwFr 150m to SwFr 1.65bn by the issue of 248,200 new bearer shares of SwFr 500 nominal value and 259,000 new registered shares of SwFr 100 nominal value, without drawing rights.

The balance sheet total of the bank increased last year by 15.9 per cent to SwFr 73.6bn ($39.3bn), due partly to the inclusion for the first time of precious-metal accounts.

The bank also announced yesterday that as from April 1, Mr Rainer Gut, currently spokesman of the management, will become management chairman.

Strong rise in trade bill financing lifts Eurobraz

BY WILLIAM HALL, BANKING CORRESPONDENT

EUROBRAZ, the *London consortium bank*, increased its pre-tax profits in 1981 by 144 per cent to £16.12m ($29.4m). It is the latest in a string of Latin American-orientated banks to report a strong performance.

Part of the growth reflected the decline in sterling against the dollar last year, but even in dollar terms the bank nearly *doubled its profits in the year* to end-December.

The bank's balance sheet total rose by 97 per cent to £816.8m, and loans more than doubled to £635.7m. In dollar terms, the balance sheet grew by 57 per cent and loans by 63 per cent.

Mr Frank Groll, Eurobraz's *managing director, said* the strong performance reflected high interest rates, good margins on the bank's predominantly Latin American business and a particularly big growth in trade bill financing. In addition the bank had participated in a lot of "club deals" and had undertaken a lot of export financing.

The bank's share capital and reserves grew by 37 per cent to £29m last year and subordinated loans rose by 50 per cent to £15.7m.

After tax profits were nearly trebled at £7.83m and this was taken to reserves.

International Commercial Bank ahead

By Our Banking Correspondent

INTERNATIONAL Commercial Bank, a London consortium bank, increased its pre-tax profits by 13.7 per cent to £8.47m ($15.5m) in 1981. The bank says that whereas 1980 profits had included net write-backs of earlier provisions, the 1981 profits were struck after specific provisions and a general provision against possible loan losses.

Earlier this month the shareholders subscribed £5m of new equity capital and a further £10m of subordinated debt, which increased shareholder funds to £38.95m and subordinated debt to £17.5m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 16. Closing prices on February 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	102⅛	103⅛	+0½	+0½	15.71
APS Fin. Co. 17⅝ 86	90	106	106½	+0¼	+0¼	15.64
APS Fin. Co. 16½ 89	75	100⅝	100⅞	+0¼	+0⅝	16.08
Armco O/S Fin. 15½ 86	50	99⅛	99⅝	+0¼	+0¼	15.47
Bank Montreal 16¼ 91	150	101⅛	101⅝	+0¼	+1⅛	15.82
Br. Colum. Hyd. 16¼ 88	150	101⅛	102⅛	+0¼	+1	15.88
Br. Colum. Mfa. 17 87	64	103⅞	104⅜	+0¼	+0⅝	15.90
Can. Nat. Rail 14⅜ 91	100	94⅜	95⅝	+0¼	+1⅞	15.59
Caterpillar Fin. 16⅝ 86	100	102⅛	103⅛	+0¼	+0⅝	15.47
CFMP 16⅝ 86	100	102⅛	102⅝	+0¼	+0¼	15.29
CIBC 16⅛ 91	100	102⅛	103⅛	+0¼	+1⅛	16.08
Citicorp O/S 16⅝ 86	150	103⅛	103⅝	+0¼	+0½	15.61
Cities Service 17 88	100	105⅛	105⅝	+0¼	+0⅜	15.61
Cons.-Bathurst 17½ 88	80	102⅞	103⅛	+0¼	+0½	16.62
Dupont O/S 14⅜ 89	400	89⅝	90⅛	+0⅛	+1⅛	16.62
Dupont O/S Cap. 0.0 90	300	24⅝	24⅞	+0⅛	+0¼	14.34
EIB 16⅛ 91	100	102⅛	102⅝	0	+1⅞	16.19
Gen. Elec. Credit 0.0 92	400	27⅛	28⅛	+0⅛	+1¼	13.35
Gen. Elec. Credit 0.0 93	400	24⅞	25⅛	+0⅛	+0⅜	12.82
GMAC O/S Fin. 16⅛ 84	300	101⅛	101⅝	0	+0⅜	15.71
GMAC O/S Fin. 16 86	100	101⅛	101⅝	+0¼	+1⅛	15.52
Gulf States O/S 17⅛ 88	60	103⅛	104⅛	+0⅛	+0½	16.35
Japan Airlines 15⅝ 88	50	100⅜	100⅝	+0¼	+0⅝	15.11
Nat. Bk. Canada 16⅛ 88	40	100⅞	101⅞	+0¼	+1	15.88
Nat. West 14⅜ 91	100	96⅝	97⅝	+0⅛	+1⅞	15.30
New Brunswick 17 88	100	104⅞	105⅛	+0¼	+0⅜	15.80
New & Lab. Hy. 17⅛ 89	75	104⅞	105⅝	+0⅜	+0⅜	16.22
Ohio Edison Fin. 17⅞ 88	75	104⅛	104⅞	+0⅜	+0⅜	16.26
OKC 15⅛ 97	100	98⅛	99⅛	+0⅛	+1	16.00
Ontario Hyd. 16 91 (N)	200	101⅛	102⅛	+0¼	+1⅝	15.52
Pac. Gas & El. 15⅞ 89	80	99⅞	100⅝	+0¼	+0⅝	15.69
J. C. Penney Gl. 0.0 94	250	20⅝	20⅞	+0⅛	+0⅛	13.39
Quebec Hydro 17⅝ 91	100	105⅛	105⅞	+0¼	+1⅛	16.01
Quebec Prov. 15⅜ 89	150	98⅜	99⅜	+0⅛	+1⅛	16.12
Saskatchewan 16⅝ 88	100	101⅞	102⅛	[illegible]	[illegible]	15.76
Statsforetag 15⅞ 87	50	98⅝	99⅝	+0¼	+0⅝	16.14
Sweden 14⅛ 88	150	94⅛	94⅝	+0⅛	+1⅛	15.57
Swed. Ex. Cred. 16⅛ 88	75	101	101⅛	+0⅛	+0⅝	16.21
Texas Eastern 15½ 88	75	98⅞	99⅜	+0¼	+0⅝	16.15
Transcanada 17⅜ 88	75	104⅛	105⅛	+0⅛	+0⅛	16.00
Transcanada 18 89	100	105⅜	106	[illegible]	[illegible]	16.29
Winnipeg 17 86	50	104⅞	105	[illegible]	[illegible]	15.40
WMC Fin. 15⅝ 88	50	96⅞	97	[illegible]	[illegible]	16.28
World Bank 16⅛ 88	150	101⅝	102⅛	[illegible]	[illegible]	15.41
World Bank 16⅛ 88	100	102⅞	103⅛	[illegible]	[illegible]	15.63

Average price changes... On day +0¼ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅛ 91	150	98⅛	99	[illegible]	[illegible]	9.53
Belgolectric 11 91	100	96⅛	96⅝	[illegible]	[illegible]	10.76
CECA 10 91	120	100⅛	100⅝	[illegible]	[illegible]	9.89
Coun. of Europe 10 91	100	100⅝	101	[illegible]	[illegible]	10.01
Coun. of Europe 10⅛ 91	100	100⅛	101⅛	[illegible]	[illegible]	10.03
EEC 10⅛ 93	100	100⅛	101	[illegible]	[illegible]	10.06
EIB 10⅛ 91	200	102⅛	103	[illegible]	[illegible]	10.01
EIB 9⅝ 88	200	99⅞	100⅝	[illegible]	[illegible]	9.68
Finland, Rep. of 10⅛ 86	100	100⅛	101⅛	[illegible]	[illegible]	10.22
Inter-American 10 91	100	100⅛	101⅛	[illegible]	[illegible]	9.85
Inter-American 10⅛ 91	100	100⅛	101⅛	[illegible]	[illegible]	10.11
Ireland 10⅛ 86	100	101⅛	101⅝	[illegible]	[illegible]	10.04
Mexico 11 88	150	100⅛	101⅛	[illegible]	[illegible]	10.86
Midland Int. Fin. 9⅛ 90	100	95⅛	96	[illegible]	[illegible]	9.90
Mt. Bk. Dnmk. 10⅛ 91	100	99⅝	100⅛	[illegible]	[illegible]	10.46
Nat. West. 9⅞ 92	100	99⅛	99⅝	[illegible]	[illegible]	9.92
New Zealand 9⅞ 89	200	100⅛	101	[illegible]	[illegible]	9.82
OKB 10⅛ 91	150	100⅛	100⅝	[illegible]	[illegible]	10.16
OKB 9⅝ 86	150	99⅛	99⅝	[illegible]	[illegible]	9.97
Quebec Hydro 10⅛ 91	150	101⅛	102⅛	[illegible]	[illegible]	9.97
Swed. Ex. Cred. 10⅛ 91	100	99⅛	100	[illegible]	[illegible]	10.29
Venezuela 11⅛ 91	100	100	100⅝	[illegible]	[illegible]	11.42
World Bank 10 91	250	100⅛	101⅛	[illegible]	[illegible]	9.97

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7⅛ 92	50	101	101⅛	[illegible]	[illegible]	7.33
Asian Dev. Bank 6 90	80	101⅛	101⅝	[illegible]	[illegible]	5.84
Australia 6⅛ 93	100	99⅛	99⅝	[illegible]	[illegible]	6.57
Belgolectric 7⅛ 91	100	102⅞	103	[illegible]	[illegible]	7.46
Bell Canada 7⅜ 93	100	103	103⅛	[illegible]	[illegible]	6.85
Bet. de Autopistas 8 90	50	99⅝	99⅞	[illegible]	[illegible]	8.11
Denmark 7⅛ 91	100	100⅛	101⅛	[illegible]	[illegible]	7.27
Dome Petroleum 7⅛ 90	100	98⅛	99⅛	[illegible]	[illegible]	7.88
EIB 7⅛ 92	100	102⅞	103	[illegible]	[illegible]	7.04
Elec. de France 7 92	100	97⅛	98	[illegible]	[illegible]	7.31
ENEL 8 92	44	98⅛	99	[illegible]	[illegible]	8.20
Genstar 7 91	80	99⅛	100	[illegible]	[illegible]	7.08
I/S Elsam 8⅛ 91	80	102⅛	103	[illegible]	[illegible]	8.06
Japan Air Lines 7⅜ 91	80	104⅛	104⅞	[illegible]	[illegible]	6.76
Nedar. Gasunie 6⅛ 91	100	102⅛	102⅞	[illegible]	[illegible]	6.18
Nippon T. and T. 6⅛ 92	100	99⅛	99⅝	[illegible]	[illegible]	5.71
OKB 7⅛ 91	100	101⅛	101⅞	[illegible]	[illegible]	7.54
Oslo, City of 8 91	100	104⅛	104⅞	[illegible]	[illegible]	7.07
Ost. Doesukraft 7 92	100	99⅛	100⅛	[illegible]	[illegible]	7.21
Saint Etienne 8⅛ 91	50	103⅛	104	[illegible]	[illegible]	7.66
Swed. Ex. Credit 7⅛ 91	100	99⅞	100	[illegible]	[illegible]	7.60
TNT O/S Fin. 8 91	80	103⅛	103⅝	[illegible]	[illegible]	7.50
Transcanada Pipe. 7 94	100	101⅛	101⅝	[illegible]	[illegible]	6.83
Unilever NV 7⅜ 93	100	98⅛	99⅛	[illegible]	[illegible]	7.67
World Bank 7 90	100	104	104⅛	[illegible]	[illegible]	6.30
World Bank 8 91	100	105⅛	106	[illegible]	[illegible]	7.42

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	99⅛	99⅞	[illegible]	[illegible]	8.25
Australia 8⅛ 91	15	91	92⅛	[illegible]	[illegible]	8.29
EIB 7⅛ 89	12	98⅛	98⅝	[illegible]	[illegible]	7.98
Finland, Rep. of 8⅛ 87	12	99	100	[illegible]	[illegible]	8.56
Int.-Amer. Dev. 8⅛ 91	15	101⅛	102⅛	[illegible]	[illegible]	8.57
New Zealand 8⅛ 87	15	99⅞	100⅛	[illegible]	[illegible]	8.27

Average price changes... On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 89 C$	60	97⅛	98⅛	[illegible]	[illegible]	17.36
CIBC 15⅛ 89 C$	50	95⅛	96⅛	[illegible]	[illegible]	17.07
Fancanadian 16⅛ 86 C$	50	96⅛	97⅛	[illegible]	[illegible]	17.53
Quebec 17⅛ 87 C$	50	102⅛	103⅛	[illegible]	[illegible]	16.59
Quab. Urban 15⅛ 86 C$	50	95⅛	96⅛	[illegible]	[illegible]	17.02
Tordom Cpn. 16⅛ 86 C$	50	97⅛	98	[illegible]	[illegible]	17.27
Transalta 17 88 C$	50	99⅛	100	[illegible]	[illegible]	17.05
M. Bk. Dnmk. 9 91 EUA	25	89⅛	90	[illegible]	[illegible]	11.16
SOFTE 8⅛ 89 EUA	40	78	79⅛	0	+0⅛	13.02
U. Bk. Nwy. 9⅛ 90 EUA	15	91⅛	92⅛	[illegible]	[illegible]	10.95
Algemene Bk. 10⅛ 86 Fl	60	98⅛	99⅛	[illegible]	[illegible]	10.57
Amfas Group 12⅛ 86 Fl	60	103	103⅛	[illegible]	[illegible]	11.29
Amro Bank 12 86 Fl	75	102	102⅛	[illegible]	[illegible]	11.27
Amro Bank 12 86 Fl	60	101⅛	102⅛	[illegible]	[illegible]	11.35
Heineken NV 10 87 Fl	60	102	102⅛	[illegible]	[illegible]	10.86
Pierson 10⅛ 86 Fl	50	97⅛	98	[illegible]	[illegible]	10.97
Rabobank 12 86 Fl	100	102	102⅛	[illegible]	[illegible]	11.27
Air France 14⅛ 86 FFr	200	95⅛	96⅛	[illegible]	[illegible]	15.84
Bk. America 14⅛ 86 FFr	250	94⅛	95⅛	[illegible]	[illegible]	16.31
Charb'nages 13⅛ 85 FFr	250	94⅛	95⅛	[illegible]	[illegible]	15.38
EIB 14⅛ 88 FFr	300	90⅛	91⅛	[illegible]	[illegible]	16.50
La Redoute 14⅛ 85 FFr	125	92⅛	93⅛	[illegible]	[illegible]	17.10
OKB 14 85 FFr	200	93⅛	94⅛	[illegible]	[illegible]	16.06
Solvay et C. 14⅛ 86 FFr	125	95⅛	96⅛	[illegible]	[illegible]	16.29
Swed. E. Cr. 14⅛ 86 FFr	250	94⅛	95⅛	[illegible]	[illegible]	16.30
U. Mex. Sts. 14 85 FFr	150	92⅛	93⅛	[illegible]	[illegible]	16.92
Acona 14 85 £	20	91⅛	92⅛	[illegible]	[illegible]	16.87
Beneficial 14⅛ 90 £	20	85⅛	86⅛	[illegible]	[illegible]	17.40
BNP 13⅛ 91 £	15	87	88	[illegible]	[illegible]	16.23
CECA 13⅛ 88 £	20	90⅛	91⅛	[illegible]	[illegible]	15.72
Citicorp O/S 13⅛ 90 £	50	91	92	[illegible]	[illegible]	15.42
Fin. Ex. Cred. 13⅛ 86 £	15	92	93	[illegible]	[illegible]	16.37
Gen. Elec. Co. 12⅛ 89 £	50	87⅛	88⅛	[illegible]	[illegible]	15.49
Hiram Walker 14⅛ 86 £	25	94	95	[illegible]	[illegible]	16.13
Privatbanken 14⅛ 88 £	12	91	92⅛	[illegible]	[illegible]	16.71
J. Rothschild 14⅛ 90 £	12	93⅛	94⅛	[illegible]	[illegible]	15.46
Royal Trustco 14 86 £	12	94	95	[illegible]	[illegible]	15.95
Sweden 13⅛ 86 £	20	93⅛	94⅛	[illegible]	[illegible]	15.99
Akzo 9⅛ 87 LuxFr	500	93⅛	94⅛	[illegible]	[illegible]	11.97
Eurotom 9⅛ 88 LuxFr	500	89⅛	90⅛	[illegible]	[illegible]	12.62
Eurofima 10⅛ 87 LuxFr	500	93	94	[illegible]	[illegible]	12.12
EIB 9⅛ 88 LuxFr	600	88⅛	89⅛	[illegible]	[illegible]	12.18
Volvo 9⅛ 87 LuxFr	500	89⅛	90⅛	[illegible]	[illegible]	12.55

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 91	0⅛	99⅛	99⅝	29/4	17.06	17.17
Bank of Tokyo 5⅛ 91	0⅛	100	100⅛	16/6	13⅛	13.22
Bk. Nova Scotia 5⅛ 93	0⅛	99⅝	100	29/4	17.06	17.11
BFCE 5⅛ 88	0⅛	99⅝	100	28/4	16.94	16.98
BFCE 5⅛ 87	0⅛	99⅝	100⅛	27/7	16⅛	16.27
Christiania Bk. 5⅛ 91	0⅛	98⅝	99⅛	6/5	16	16.08
Co-Ban Eurofin 5⅛ 91	0⅛	98⅛	98⅝	14/4	16.69	16.86
Den Norske Cred. 5⅛ 93	0⅛	97⅛	97⅝	4/8	13.56	13.89
Genfinance 5⅛ 92	0⅛	99⅝	100	30/6	15⅛	15.52
Giro und Bank 5⅛ 91	0⅛	99⅛	99⅝	23/3	14.06	14.12
GZB 5⅛ 92	0⅛	99⅛	99⅝	5/3	13⅛	13.22
Ind. Bank. Japan 5⅛ 88	0⅛	98⅝	99	9/5	13.31	13.48
Lloyds Eurofin 5⅛ 93	0⅛	99⅝	100	29/4	17.13	17.15
LTCB Japan 5⅛ 89	0⅛	99⅛	99⅝	16/7	15.31	15.37
Midland Int. Fin. 5 91	0⅛	99⅝	100	30/4	17.06	17.08
Nacional Fin. 5⅛ 88	0⅛	100⅛	100⅝	27/5	17.81	17.85
Nat. Bk. Canada 5⅛ 88	0⅛	99⅝	100	24/3	17.31	17.31
Nat. West. Fin. 5⅛ 91	0⅛	99⅛	99⅝	15/7	15.19	15.28
Nat. West. Fin. 5⅛ 92	0⅛	99⅝	100	23/4	17	17.02
Nippon Credit 5⅛ 90	0⅛	99⅝	100⅛	10/6	16.06	16.14
Nordic Int. Fin. 5⅛ 91	0⅛	98⅝	99	6/8	15⅝	15.82
Offshore Mining 5⅛ 91	0⅛	98⅛	98⅝	2/8	13	13.18
Pemex 5 91	0⅛	98⅝	99⅛	8/4	17	17.55
PKbanken 5 91	0⅛	98⅛	98⅝	2/8	14⅛	14.54
Sanwa Int. Fin. 5⅛ 88	0⅛	100	100⅛	24/3	17⅛	17.29
Scotland Int. 5⅛ 92	0⅛	98⅝	99⅛	25/3	13.94	14.13
Sec. Pacific 5⅛ 91	0⅛	98⅝	99⅛	16/8	13⅛	13.40
Societe Generale 5⅛ 91	0⅛	98⅝	99⅛	22/7	15⅛	15.44
Standard Chart. 5⅛ 91	0⅛	98⅝	99⅛	18/5	13.31	13.50
Sumitomo Fin. 5⅛ 88	0⅛	99⅛	99⅝	9/8	16	16.06
Toronto Domin'n 5⅛ 92	0⅛	98⅝	99⅛	4/6	16⅛	16.42

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	91	92⅛	−3⅛	0.45
Bow Valley Inv. 8 95	4/81	23.12	85⅛	87⅛	+0⅛	47.14
Bridgestone Tire 5⅛ 96	3/82	470	89⅛	91⅛	+2⅛	−2.46
Canon 6⅛ 95	1/81	629	100⅛	102⅛	−3	2.67
Daiwa Secs. 5⅛ 96	12/81	512.5	69	71	−1	−4.86
Fujitsu Fanuc 4⅛ 96	10/81	6770	107⅛	109	−2⅛	6.47
Furukawa Elec. 5⅛ 96	7/81	300	111	112⅛	−2⅛	−5.01
Hanson O/S Fin. 9⅛ 96	8/81	2.74	189	[illegible]	[illegible]	94.32
Hitachi Cable 5⅛ 96	2/82	515	100⅛	101⅛	−2⅛	0.59
Hitachi Cred. Cpn. 5 96	7/81	1677	75⅛	77⅛	−1⅛	−0.65
Honda Motor 5⅛ 97	6/82	841	88⅛	89⅛	−2⅛	−0.75
Inchcape 8 95	2/81	4.55	160⅛	163	−0⅛	16.79
Kawasaki 5⅛ 96	9/81	229	99	100	−1⅛	−0.11
Marui 6 96	7/81	846	95	96	−1	9.70
Minolta Camera 5 96	10/81	806	85	86⅛	−1⅛	4.56
Murata 5⅛ 96	7/81	2190	67	68⅛	−2⅛	7.79
NKK 6⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.51
Nippon Chemi-C. 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−18.53
Nippon Electric 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.08
Orient Finance 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.38
Sanyo Electric 5 96	10/81	652	[illegible]	[illegible]	[illegible]	5.29
Sumitomo Met. 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.59
Swiss Bk. Cpn. 6⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.08
Koniishiroku 5 80 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.47
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.25
Mitsubishi H. 6 89 DM	1/82	263	[illegible]	[illegible]	[illegible]	5.80

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

N. AMERICAN QUARTERLIES

UPJOHN	1981 $	1980 $
Fourth quarter		
Revenue	455.2m	450.8m
Net profits	46.1m	34.9m
Net per share	1.53	1.17
Year		
Revenue	1.9bn	1.76bn
Net profits	181.8m	170.4m
Net per share	6.04	5.71

WESTVACO CORPN.	1981-82 $	1980-81 $
First quarter		
Revenue	342.6m	362.3m
Net profits	8.32m	19.55m
Net per share	0.32	0.77

WHITE CONSOLIDATED	1981 $	1980 $
Fourth quarter		
Revenue	432.0m	483.9m
Net profits	6.78m	20.8m
Net per share	0.43	1.46
Year		
Revenue	2.17bn	2.05bn
Net profits	52.0m	57.0m
Net per share	4.34	3.94

UMC INDUSTRIES	1981 $	1980 $
Fourth quarter		
Revenue	85.0m	79.9m
Net profits	2.4m	4.5m
Net per share	0.39	0.74
Year		
Net profits	9.1m	10.6m
Net per share	1.49	1.74

WENDY'S INTNL.	1981 $	1980 $
Fourth quarter		
Revenue	137.7m	96.4m
Net profits	9.46m	7.94m
Net per share	0.37	0.34
Year		
Revenue	480.4m	350.0m
Net profits	36.85m	30.1m
Net per share	1.52	1.34

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Kevin Done in Frankfurt and (below) **Terry Dodsworth** in Paris examine the complex background to an important Franco-German agreement

Roussel-Uclaf keeps lifeline to Hoechst

THE DEAL struck between Hoechst of West Germany and the French Government over the future ownership of Roussel-Uclaf — the French pharmaceuticals unit of Hoechst — appears to be an outright victory for German determination and French pragmatism.

Hoechst is the world pharmaceuticals leader, ahead of groups such as Bayer, Roche, Ciba-Geigy and American Home Products. In 13 years of growing co-operation Hoechst and Roussel have pooled research and development activities to produce some of the most successful new drugs of the last decade.

Hoechst has fought the French nationalisation plans with stubborn determination, backed by the Federal Government in Bonn. The West German Government was not directly involved in negotiations, but the fact that announcement of the deal struck with Paris was delayed for several days so that it could coincide with the visit by Herr Helmut Schmidt, the Chancellor, to Paris is an indication of the importance attached to the issue by West German political leaders.

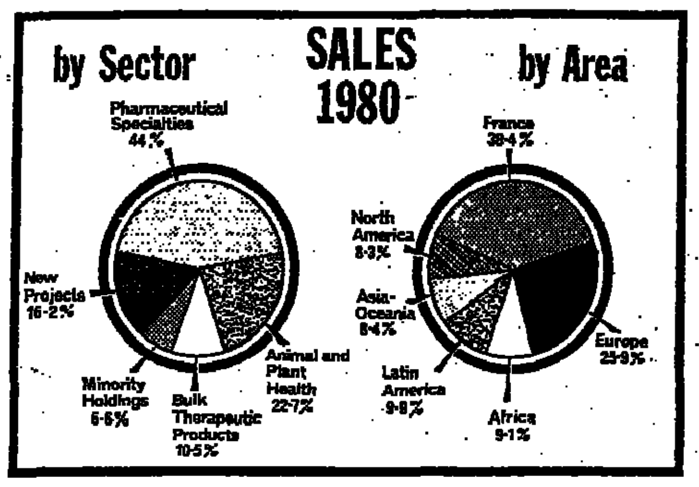
Members of the French Government, including M Jack Ralite, the Communist Health Minister, had campaigned for a 100 per cent nationalisation of Roussel, and the administration's opening gambit in negotiations was to insist on at least majority control. But the final outcome leaves Hoechst with at least 51 per cent control.

It has had to cede half of the seats on the supervisory board and the chairmanship to the French state, but its rearguard action has plainly been a success, a tribute at least in part to the impressive performance of the joint venture since 1968.

According to Dr Hansgeorg Gareis, head of Hoechst's worldwide pharmaceuticals operations, the German company set out from the start to maintain the independent identity of Roussel.

In many of the world's leading drug markets, the two companies are still represented separately, in Japan and Italy, selling their own products or the products of joint research under their own names. There are important exceptions, however, particularly in the U.S., where the two operate a joint venture Hoechst Roussel Pharmaceuticals Inc.

Of the 250 ethical drugs offered by the two companies around the world between 25 and 30 per cent come from Roussel itself.



Operational breakdown of Roussel-Uclaf

The attraction for Hoechst originally in the Roussel acquisition was to gain access to areas of drugs research in which it had had little success, such as steroids, but the major gain has in fact come from areas where the two companies have launched joint research.

"We decided to combine the conservatism of the Germans with the imagination and fantasy of the French," says Dr Gareis, concentrating on two areas, in which both companies were virtually unrepresented—psychotropic agents, such as tranquilisers, and cephalosporin antibiotics.

The biggest success of the joint venture research launched in 1969 is the new generation antibiotic Claforan, launched last year and now on sale in all all the major drug markets of Europe, the U.S. and Japan. Sales of this drug alone are expected to total DM 250m-300m ($105m-127m) this year as Hoechst and Roussel try to capitalise on the lead they have managed to achieve in this area, ahead of Eli Lilly of the U.S. and Takeda of Japan.

The next steps of the joint research effort will take the two companies further into research and development for new chemically-related areas of antibiotics research involving new ways of delivering the drugs orally rather than by injection.

Roussel's research-intensive agro-chemicals activities also offered Hoechst access to new R&D expertise in this field. But in return the German company brought Roussel a worldwide sales organisation, reflected by the fact that 65 per cent of the French company's sales came last year from foreign markets. That was a performance that has not been lost on the French Government.

Worldwide Hoechst employs around 36,000 people in its pharmaceuticals activities, of whom 3,800 are in R&D, 17,500 in production and 14,700 in sales. Its total drugs turnover of DM 6.2bn in 1981 accounted for 17 per cent of group sales, but it is thought that this one division contributes between 40 and 50 per cent of group profits.

Spending on pharmaceuticals R&D is expected to rise to DM 820m this year—one-third at Roussel—accounting for around 50 per cent of Hoechst's total research budget of DM 1.2bn.

Even without Roussel, Hoechst aims to double its drugs sales to around DM 7.3bn by 1989. By that year new product innovations could be providing as much as 29 per cent of projected turnover. Of forecast drugs sales of DM 4.88bn in 1983, about 14 per cent are expected to come from products not on the market at the end of 1980.

Major boosts to sales are expected not only from Claforan, but also from a group of new preparations including an anti-rheumatic, a diuretic drug, a cardiovascular agent and a beta-blocker. New research products could be contributing an extra DM 700m to sales by 1983 and around DM 2bn by 1989.

An outstanding example of French flair

THE RECENT nationalisation saga over Roussel-Uclaf is rather like a re-run of the events that took the company out of French control in the first place in 1974.

Until the early 1970s, Roussel had been one of the most outstanding examples of post-war French enterprise, built up by a vigorous industrialist, M Jean-Claude Roussel, who turned a small family concern into an international force. M Roussel's death, in an air crash in 1972, provoked a crisis.

The family had to sell shares to pay for the huge death duties on his industrial empire. Hoechst, already a partner, moved in and bought up majority control, despite a prolonged effort by the French Government to block the deal and integrate the company with Rhone-Poulenc's pharmaceuticals division.

The Socialist election victory revived the argument for reconstructing the French pharmaceuticals sector, with Roussel forming a part of this reorganisation after being nationalised. M Jack Ralite, the Communist Minister of Health, strongly supported this approach. But in the end the Government preferred a pragmatic solution, leaving the group, within the orbit of Hoechst in the interests of maintaining a healthily working operation.

This deal was convenient partly because France now has two other pharmaceuticals companies, Rhone Poulenc and Sanofi, the Elf Aquitaine subsidiary, that are healthy and expanding on a world scale.

At the same time, Roussel has grown substantially under Hoechst's tutelage, with sales increasing from FFr 2.8bn in 1974 to FFr 6.5bn ($1.1bn) last year, and investments rising from FFr 130m to FFr 300m, the Government is clearly intent at the moment on limiting the cost of its nationalisation programme, which was pushed up sharply by the Constitutional Council decision demanding better treatment for shareholders.

It is not yet known how the Government will step up its stake from the current 20 per cent held by state institutions to a blocking minority of a little more than 33 per cent. But the possible mixture of buying in the open market and from Hoechst will be infinitely cheaper than bidding for the whole concern.

While the French Government has hinted that it might eventually raise its stake to more than 50 per cent, this seems to be inspired more by the need to mollify its own troops than by a real intention. The blocking minority it intends to take will give the state a fair degree of influence over the future development of the company. In addition the equal division of board representation with a French chairman will add to the public cosmetics necessary to pass the deal off as a reasonable solution.

Siemens in marketing deal with Xerox

By Kevin Done in Frankfurt

SIEMENS, the West German electrical and electronics group, has signed an agreement with Xerox of the U.S. covering the exchange of certain products to strengthen its range of office information equipment.

Siemens aims to combine the Xerox-developed Ethernet and System 8000 office equipment with its own range of private communication networks and office systems. It has acquired rights from Xerox to market this equipment in West Germany, Switzerland and Austria independently of Rank Xerox's own sales activities.

Ethernet offers a high-speed, local coaxial "bus network" for connecting up to 1,000 workplaces, while System 8000 involves an integrated office workplace for documentation for handling text and graphics.

Siemens had a turnover last year of DM 34.6bn ($14.6bn) of which around DM 10.4bn was derived from communications activities. Of this, about 20 per cent is estimated to have come from sales of office information equipment.

RWE plans to raise capital

By Our Financial Staff

RWE, the West German utility, will raise its capital in the foreseeable future, probably during 1983.

Herr Friedhelm Gieske, managing board member, told the annual meeting that an injection of fresh capital was needed to improve the company's capital structure. RWE has a capital of DM 1.8bn ($762m).

Last month net profits of DM 486m for the year ended June 1981 were announced. For this year profits are expected to be satisfactory. Sales of electricity rose by 2.2 per cent in the first seven months of 1981-1982.

Steel losses hit SKF earnings

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN GOTHENBURG

A LOSS of SKr 119m on its steel operation depressed earnings at Sweden's SKF group from SKr 953m in 1980 to SKr 805m ($141m) last year. Profits on the main rolling bearing business rose to SKr 851m from SKr 829m.

SKF had predicted a "moderate" profit decline in the 1980 annual report. Earnings per share fell from SKr 25.80 to SKr 19.20.

The board proposes an unchanged dividend of SKr 7 a share on the A and B shares while the new C stock will receive its guaranteed SKr 12 a share.

In addition, to mark the company's 75th anniversary, a bonus of SKr 1 a share is to be paid on the A and B shares, making a total dividend payment of SKr 187m against SKr 126m in 1980. A one-for-four scrip issue covering all categories of shares is also planned.

Group sales rose by 8.5 per cent in 1981 to SKr 13.57bn ($2.38bn), rolling bearings coming out best with a 12 per cent increase. Special steel turnover dropped by 1 per cent and sales of tools fell by 2 per cent.

The plunge from a SKr 20m profit to a SKr 119m loss on the steel business is attributed to a saturated market which forced SKF to make price concessions. Group income was further reduced by losses on the British subsidiaries and on the castings and textile machinery component business.

Trading income slipped from SKr 1.85bn to SKr 1.72bn. There was a slight fall in the sales volume and rising costs could not be fully covered.

The return on total assets employed dropped from 11 per cent to 9.7 per cent. SKF sets itself a target of 3 percentage points above a weighted average of the inflation rates in countries where it has its main operations. By that standard the return was about 3 per cent below target in both 1980 and 1981.

The recovery appears to have been less than expected. Prospects for 1982 are described as good but the degree of change "depends largely on when the economic upturn actually comes," the group says.

Capital expenditure increased from SKr 492m to SKr 622m, equivalent to 53 per cent of the self-financing resources generated during the year. Net financial charges rose only marginally, to SKr 449m.

After adjusting for currency translations, SKF shows a group pre-tax profit of SKr 833m for 1981, only SKr 22m below the 1980 figure. By taking SKr 150m from the parent company's inventory reserve, a net income of SKr 567m is shown, against SKr 447m.

Fall for Bridgestone and Yokohama tyre groups

BY YOKO SHIBATA IN TOKYO

BRIDGESTONE TYRE, Japan's leading tyre company, which is buying a Tennessee, U.S., tyre plant from Firestone Tire, has reported a sharp setback in earnings in the fiscal year ended December 31 because of weak new car and replacement tyre markets.

Unconsolidated operating profits slid by 30 per cent to Y32.45bn ($138m). Consolidated net profits were Y14.18bn, down 42 per cent from the previous year. Per share profits were Y29.85, compared with Y56.7.

Domestic sales declined 5 per cent to account for 67 per cent of the total. Demand for replacement tyres began a slow recovery but this was offset by price cutting by manufacturers.

Exports rose 10 per cent, mostly because of increased sales in the U.S. while Middle East markets began to slacken in the second half.

The company's operating profit margin fell to 6 per cent from its traditional 10 per cent to 12 per cent level because of declining sales volume and price cuts.

The yen's appreciation generated exchange losses of Y2.9bn and reduced export profitability.

In the current fiscal year, *Bridgestone has changed its* policy from the past aggressive capacity expansion to the improvement of cost competitiveness in order to cope with structural change in the tyre market such as heavy competition in replacement tyre markets and sluggish growth in new tyre demand. As a result, the capital outlay in the current fiscal year will be cut by 43.5 per cent to Y22bn. Most of the capital outlay is designated for rationalisation.

In the current fiscal year, the company's operating profits are projected to rise by 35.6 per cent to Y44bn. Net profits are expected to rise 43 per cent to Y20bn on expected sales of Y540bn, up 5 per cent.

● Yokohama Rubber, the country's second largest tyre maker, and which is 20 per cent owned by B. F. Goodrich of the U.S., reported a halving of its unconsolidated net income to Y731m from Y1.46bn, or Y3.82 a share from Y7.61.

Its sales increased marginally to Y208.68bn from Y207.73bn although exports increased by 9.5 per cent to Y57.78bn, or 28 per cent of sales.

Yokohama is forecasting a rapid recovery this year when it expects to double its net income to Y1.5bn with only Y300m of this being earned in the first half. It expects sales for the year to rise by 5.4 per cent to Y220bn.

Sapporo and Asahi breweries show gains

By Our Tokyo Correspondent

SAPPORO BREWERIES and Asahi Breweries, the second and third largest Japanese beer makers have reported improved operating profits for the year ended December 31.

Sapporo increased its sales by 19.5 per cent to Y330bn ($1.4bn) and its operating profit by 35 per cent to Y9bn ($38m) on the strength of increases in the sales volume of both alcoholic and non-alcoholic products.

Asahi suffered a decline in the volume of its beer sales but reported a rise in sales revenue of 7.1 per cent to Y198bn because of price increases. Asahi's operating profit rose 5.7 per cent to Y3.4bn but its net profit was down 14 per cent to Y1.3bn.

The contrasting trend of operating and net profits resulted from the need to pay additional retirement allowances to redundant workers.

The workers were displaced by the introduction of computers and other modern equipment. About 400 workers found jobs in Asahi's subsidiaries or other companies last year.

Asahi suffered a decline in the volume of almost all its liquor sales, except for draft beer, which rose 30 per cent reflecting the company's pioneering role in this area.

Sapporo's beer sales benefited from the introduction of a new two-litre aluminium barrel. Its soft drink sales rose 17 per cent on the strength of a new fresh orange drink.

Sapporo expects a further 9 per cent increase in sales to Y360bn during 1982 and a 3 per cent rise in profits to Y9.3bn. Asahi has set its 1982 sales target at Y215bn, up 8.5 per cent.

Import pressures bring Sumitomo Chemical loss

BY OUR TOKYO STAFF

SUMITOMO CHEMICAL, one of Japan's leading integrated chemical manufacturers, has reported an operating loss of Y2.8bn ($12m) for 1981 as a result of high raw material costs and import pressure in its petrochemical division.

Sumitomo's sales were down 4.9 per cent from the previous year's level to Y640.3bn *($2.7bn). The company* managed to record a net profit of Y2.3bn, down 75 per cent, by selling securities and by transferring funds from a special depreciation reserve.

The dividend was reduced from Y4 to Y3 a share and bonus payments to all members of the Sumitomo Board, a normal component of annual remuneration for most Japanese companies, were suspended in view of the poor business results.

Sumitomo's petrochemical division, which accounts for 70 per cent of the company's total sales, was hit by a variety of problems, including slack demand and high raw material costs.

Sumitomo uses naphtha as its main feedstock and imports from the U.S. of petrochemical products produced from cheaper natural gas feedstock cut into the company's sales and forced it to reduce the operation of its plant below break even levels.

The weakness of the yen against the U.S. dollar during much of the year further raised the yen denominated costs of feedstock.

Exports fell 10 per cent to take 8.9 per cent of total sales and industrial chemical sales fell 7.7 per cent to take a 54.1 per cent share. Sales of plastics and synthetic rubber fell 5.6 per cent to a 20.7 per cent share. The only bright spot was pharmaceuticals, where sales rose by 25 per cent.

Sumitomo hopes to cover raw material costs with price increases in 1982 and aims to raise sales to Y670bn, slightly below the 1980 figure. The company forecasts operating profits of Y10bn and net profits of Y5bn to Y6bn. The 1982 dividend should be restored to Y4.

Argus to reduce links with SAAN

JOHANNESBURG—Moves to separate the affairs of South Africa's two English-language newspaper groups have been announced after a Government commission said their present relationship was close to a monopoly.

Argus Printing and Publishing Company said yesterday it was withdrawing its two members from the nine-man board of South African Associated Newspapers. Argus said it was also giving up voting rights for its 39 per cent shareholding in SAAN, except on financial matters directly affecting its Argus investment.

Argus and SAAN together control all but three of South Africa's more than 20 English-language newspapers. Mr Layton Slater, the Argus chairman, said the market value of Argus's holding in *SAAN was about R15m* ($15.7m).

An investigative commission proposed three weeks ago that Argus be forced to give up its SAAN holding, and that other steps be taken to ensure diverse ownership of newspapers.

Mr Slater said Argus bought its SAAN shares more than 10 years ago when joint printing operations were considered. He said joint printing did not take place, partly because of editorial and commercial rivalry between the two newspaper groups.

Argus's holding was increased about six years ago to thwart a take-over bid. "We have never controlled SAAN policy and we never want to do so," Mr Slater said.

Argus was relinquishing all voting rights for its shares except on such matters as take-over bids or disposing of SAAN assets. Argus would retain its investment in SAAN.

AP

Woolworths up by 14% after slower second half

BY OUR SYDNEY CORRESPONDENT

WOOLWORTH'S, the Australian retailer, weathered strong competition and industrial trouble to increase its profit in the year to January 27.

Sales rose 15.4 per cent from A$2.27bn to A$2.62bn (US$ 2.82bn) and net profit showed a 14.24 per cent im*provement from A$39.9m to* A$45.6m (US$ 49.1m).

But the results provide further evidence that the retailers did not enjoy the customary boom in Christmas trading as after a 20 per cent profit increase in the first half there was a slowdown to profit growth of 11.35 per cent.

The final dividend proposal for 1981-82 has been lifted from 9 cents to 9.5 cents a share, for a total of 14 cents against 13.5 cents. The higher dividend is covered by earnings up from 27.39 cents to 27.63 cents a share.

The tax charge went up from A$32m to A$39m while interest paid climbed from A$4.9m to A$8m. The surplus on the sale of properties dropped from A$726,000 to A$20,000.

Net profit as percentage of turnover was virtually unchanged a 1.81 per cent although operating margins improved.

The directors said the company performed well in the face of the "highly competitive nature of the retail industry and the adverse effects of recurring national industrial disruption during the year."

Woolworth, unconnected with other similarly named groups, boosted its trading space by 7.2 per cent to 863,000 square metres through the addition, mainly from take-overs, of 54 stores.

Australian car group cuts loss sharply

By Our Sydney Correspondent

AUSTRALIAN MOTOR Industries, majority owned by Toyota Motor of Japan, is expected to return to the black in the current year, after reducing its losses to A$609,000 (US$655,000) in the first half from A$7m a year earlier.

The company said it had responded to the challenge of the 85 per cent local-content rules and was optimistic about an early return to profit.

AMI provided the first shockwaves for the local industry last year when it dropped A$9.5m into the red for the year ended June, laying the blame on the Federal Government's automotive industry policies.

The company, which assembles and distributes Toyota vehicles, held its interim dividend at 2 cents a share.

Interim rise for Mayne Nickless

By Our Sydney Correspondent

MAYNE NICKLESS, the Australian transport group, has achieved another big lift in interim earnings, boosting profit 25 per cent from A$10.9m to A$13.6m (U.S.$14.7m) in the six months to December 31.

The interim dividend has been held at 6.5 cents a share on earnings up from 17 cents to 21 cents a share. Turnover for the six months rose by 26 per cent from A$228m to A$287m. The growth came despite industrial disruption.

Expanding overseas subsidiaries helped results, especially the Loomis group in North America.

Directors said the Loomis operations provided a sound base from which to develop the company's presence in the U.S., Canada and Mexico. The integration of Lyon Van Lines and World Wide Shipping Services, acquired last financial year, have also been completed.

Directors said on the basis of current trading conditions and in the absence of significant industrial disruptions, they expected the company would achieve a satisfactory result for the full year.

Rothmans of Singapore ahead

By Georgie Lee in Singapore

ROTHMANS INDUSTRIES, the Singapore arm of the international cigarette group, has reported sharp growth in interim pre-tax profits to S$13.69m (U.S.$6.5m) on sales ahead 19 per cent to S$72.22m (U.S.$34.2m).

The company was formed last December to take over Rothmans of Pall Mall (Singapore), an unlisted unit of Rothmans of Pall Mall (Malaysia).

Rothmans Industries has performed strongly on the Singapore and Kuala Lumpur stock exchanges since its debut in January. The introductory document forecast that the com*pany's pre-tax profits for the* year ending June, would not be less than the predecessor company's S$16.8m.

It will not pay an interim dividend but as promised in the launch prospectus will pay a final gross dividend of not less than 10 per cent or its equivalent if the company receives approval for its previously proposed three-for-one scrip issue.

Rothmans Industries and its Malaysian sister company are *both 50 per cent owned by* Rothmans International of the UK.

CURRENCIES, MONEY and GOLD

Dollar firmer

Dollar was slightly firmer in fairly quiet foreign exchange trading, but finished near its lowest levels of the day. Short-term Eurodollar rates showed a firmer trend, but longer periods were little changed.

Sterling was stronger overall, improving against the dollar, and European currencies.

The Danish krone was again the strongest member of the European Monetary System, followed by the Belgian franc, and the Dutch guilder.

DOLLAR — Trade-weighted index (Bank of England) 112.9 against 112.5 on Wednesday, and 112.4 six months ago. Three-month Treasury bills 12.05 per cent (15.84 per cent six months ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month) — The dollar rose to DM 2.3685 from DM 2.3660 against the D-mark; to FFr 6.04 from Fr 6.03 against the French franc; to SwFr 1.88 from SwFr 1.8740 in terms of the Swiss franc, and to Y235.75 from Y234.25 against the Japanese yen.

STERLING — Trade-weighted index 91.2, against 91.0 at noon, 91.2 in the morning, 90.8 at the previous close, and 91.3 six months ago. Three-month interbank 14 1/16 per cent (13 15/16 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month) — The pound opened at $1.8315-1.8325, and fell to a low of $1.8250-1.8260, before improving to $1.8340-1.8350, and closing at $1.8330-1.8340, a rise of 35 points on the day. Sterling rose to DM 4.3450 from DM 4.3325; to FFr 11.0725 from FFr 11.0350; to SwFr 3.4475 from SwFr 3.43; and to Y432.50 from Y428.50.

D-MARK — EMS member (weakest) Trade-weighted index was unchanged at 121.9 against 115.0 six months ago. Three-month interbank 10.225 per cent (12.85 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month)—The D-mark lost ground to most members of the EMS at the Frankfurt fixing, but rose against the Belgian franc. The Belgian currency fell DM 5.4590 per 100 francs from DM 5.46, while the French franc rose to DM 39.2650 from DM 39.21 per 100 francs. The Dutch guilder improved to DM 91.15 from DM 91.1150 per 100 guilders. News that the Bundesbank was domestic money market by way of repurchase agreements pushed the dollar up to DM 2.3750 from DM 2.3608, and sterling rose to DM 4.3440 from DM 4.32 at the fixing.

DUTCH GUILDER — EMS member (third strongest). Trade weighted index 114.4 against 114.2 on Wednesday, and 107.0 six months ago. Three-month interbank 9⅞ per cent (13¾ per cent six months ago). Annual inflation 6.9 per cent (7.2 per cent previous month)—The guilder improved against most members of the EMS at the Amsterdam fixing, but lost ground to the dollar and sterling.

ITALIAN LIRA—EMS member (third weakest). Trade weighted index 54.9 against 55.1 on Wednesday, and 58.8 six months ago. Three-month interbank 20 1/16 per cent (34¼ per cent six months ago). Annual inflation 17.3 per cent (17.9 per cent previous month) — The lira weakened against most members of the EMS at the Milan fixing, with the French franc rising to 210.66 from L210.59; the Belgian franc to L29.326 from L29.285, and the Dutch guilder to L489.50 from L489.04. The D-Mark fell to L536.85 from L537.15, and the Swiss franc to L677.48 from L677.52. The dollar rose to L1,276.05 from L1,267.30, and sterling to L2,332.10 from L2,319.30.

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

CURRENCY RATES

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

OTHER CURRENCIES

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.6963	44.5062	−0.43	−0.43	±1.5440
Danish Krone ...	8.19382	8.12771	−0.69	−0.69	±1.6428

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 25)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 7/8	offer 15	bid 14 15/16	offer 15 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

SDR linked deposits: one month 12 7/16-12 11/16 per cent; three months 12 15/16-13 3/16 per cent; six months 13-13¼ per cent; one year 13-13¼ per cent.
ECU linked deposits: one month 12¾-13⅛ per cent; three months 13⅛-13½ per cent; six months 13 5/16-13 11/16 per cent; one year 13⅛-13½ per cent.
Asian $ (closing rates in Singapore): one month 14 7/16-14 9/16 per cent; three months 14 15/16-15 1/16 per cent; six months 15⅛-15¼ per cent; one year 15-15⅛ per cent.
Long-term Eurodollar two years 15⅜-15⅝ per cent; three years 15½-15¾ per cent; four years 15½-15¾ per cent; five years 15½-15¾ per cent nominal closing rates.
Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice.
The following rates were quoted for London dollar certificates of deposit: one month 14.00-14.10 per cent; three months 14.30-14.40 per cent; six months 14.45-14.55 per cent; one year 14.50-14.60 per cent.

MONEY MARKETS

London rates steady

London clearing bank base lending rate 13½ per cent (since February 25)

Short-term interest rates were little changed in the London money market yesterday, with three-month interbank money rising to 14-14⅛ per cent from 13 15/16-14 1/16 per cent.

The Bank of England forecast a market shortage of about £200, but gave assistance of £292m by buying £16m bank bills in band 1 (up to 14 days maturity) at 13¾-13 13/16 per cent; £241m bank bills in band 2 (15-33 days) at 13¾-13 13/16 per cent; and £35m bank bills in band 3 (34-63 days) at 13¾ per cent.

The major factors were: repayment of money from the Amersham share offer +£1,520m, offset by bills for repurchase by the market −£707m; repayment of loans to the market −£640m; bills maturing in official hands −£240m, and other Exchequer transactions −£10m.

Seven day money fell slightly to 14⅛-14⅜ per cent at the close from 14¼-14½ per cent.

Before the cut in bank base lending rates on Wednesday the Bank of England's dealing rates for band 1 bills were 13 13/16 per cent; band 2 13¾ per cent, and band 3 13 11/16 per cent.

In Frankfurt the Bundesbank offered to make available funds to the German money market by way of 35-day securities repurchase agreements at an interest rate of 9.5 per cent. Call money was little changed at 10.05 per cent, and period rates also showed little change. A repurchase agreement of DM 4.6bn ran out earlier this month, and a further DM 8.4bn will be drained when another repurchase scheme expires on March 8.

In Paris call money fell to 14⅛ per cent from 14¼ per cent, approaching the 9-month low of 14 per cent touched on February 16. Period rates showed little change.

GOLD

Further rise

Gold rose $2¼ in the London bullion market yesterday, to $365¾-366¼. It opened at $366¾-$367¾, and was fixed at $368 in the morning, and $366.45 in the afternoon. The metal touched a low point of $365¾-366¼, and a peak of $367¾-368¼.

In Paris the 12½ kilo gold bar was fixed at FFr 70,600 per kilo ($362.83 per ounce) in the afternoon, compared with FFr 71,000 ($365.61) in the morning, and FFr 70,100 ($362.21) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,200 per kilo ($369.76 per ounce), against DM 27,550 ($362.99) previously, and closed at $366-367, compared with $362½-363½.

In Zurich gold finished at $365-368, against $362-365.

	Feb. 25	
Gold Bullion (fine ounce)		
Close	$365¾-366¼	(£199½-200)
Opening	$366¾-367¾	(£200-200½)
Morning fixing	$368	(£200.764)
Afternoon fixing	$366.45	(£200.082)
Gold Coins		
Krugerrand	$376-377	(£205¼-205¾)
1/2 Krugerrand	$195-196	(£106½-107)
1/4 Krugerrand	$99-100	(£54-54½)
1/10 Krugerrand	$40-41	(£21¾-22¼)
Mapleleaf	$377-378	(£205¾-206¼)
New Sovereigns	$89½-90	(£48¾-49)
King Sovereigns	$105-106	(£57¼-57¾)
Victoria Sovs	$105-106	(£57¼-57¾)
French 20s	$91-101	(£49¾-55)
50 pesos Mexico	$455-457	(£248¼-249¼)
100 Cor. Austria	$357-359	(£194¾-195¾)
$20 Eagles	$497-502	(£271-273¾)

LONDON MONEY RATES

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	13½-13⅞
Treasury bills (13-week)	11.94
Treasury bills (26-week)	12.62

GERMANY

Special Lombard	10.00
Overnight rate	10.05
One month	9.625
Three months	10.225
Six months	10.225

FRANCE

Intervention rate	14.125
Overnight rate	14.125
One month	14.125
Three months	14.375
Six months	14.375

JAPAN

Discount rate	5.50
Call (unconditional)	6.59375
Bill discount (three-month)	6.53125

CONTRACTS

£4m submersible inspection work

TWO SERVICE companies of the BRITISH UNDERWATER ENGINEERING GROUP ("BUE") — British Oceanics ("BOL"), (support vessels and manned submersibles) and Sub Sea Surveys ("SSS") (support vessel and remote controlled submersibles)—have signed contracts with Shell UK Exploration and Production to carry out submersible inspection work in the North Sea during 1982.

The combined contracts are thought to represent the largest submersible contract signed for this type of work. Total figure is in the region of £4m.

The units, operated by BOL, involves the support vessel "British Voyager" and two manned submersibles (LR2 and LR3) carrying out detailed pipeline inspection programmes in the Cormorant, Brent, Auk, and Fulmar fields and structural inspections on steel and concrete production platforms.

The units, operated by SSS, involve the support vessel "British Enterprise 5" and the remote control vehicle CONSUB 2. They will survey in detail the entire length of the longest pipeline in the North Sea. This is the Shell/Esso Flags Gasline from Brent to St Fergus. They will also carry out structural inspection on a concrete platform at Brent field.

★

KENT PROCESS CONTROL, a Brown Boveri Kent company, has received an order worth about £200,000 from Ilford to supply process computer systems for a new film manufacturing plant at Mobberley, Cheshire. The order covers two complete Kent K90S process computer systems. One will control production of batches of chemicals, while the other will provide on-line control of a film coating process.

★

North London trade finisher, Expressfold, has installed the first Harris SP750 Pacesetter in the UK. The order for the new high-speed and fast make-ready collator-stitcher-trimmer was valued at over £100,000 to HARRIS BINDERY SYSTEMS of Slough.

★

MULTITONE ELECTRONICS has received from British Telecom a multi-million pound contract for 40,000 of its RPR300 wide-area radiopagers. It is the largest order ever received by Multitone. The RPR300 is one of the world's smallest radiopagers. It is about the size of a credit card, 15 mm thick, and weighs 66 grams. The new pager provides up to four distinctive tones, each of which can be stored in the pager.

★

Gestetner Holdings associated company, SCOPE INC, has a £2m contract from the United States Postal Service for electronic postal computing scales made by a wholly-owned subsidiary of Scope, National Controls, Inc.

★

FERRANTI has won an order forth £1.5m to supply British Telecom with transportable radio equipment. This will provide 48 hops of 960 channel or 625-line colour TV transmission in the upper 6GHz frequency band (6425-7110MHz). Deliveries will be made during 1982 and early 1983. The equipment will be used by British Telecom to provide temporary provision or emergency replacement of existing links.

★

Steel reinforcement specialist ROM RIVER has won a £750,000 contract to supply Kier International with 2,500 tonnes of steel mesh for the Warangoi Hydro-Electric Project in The Papua, New Guinea. The client is the Electricity Company of Papua New Guinea. Rom River's Lichfield factory is manufacturing and exporting about 250 tonnes per month.

★

FARREL BRIDGE, Rochdale, is supplying rubber mixing equipment, worth over £750,000, to Tanzania and South Africa. General Tyre East Africa, Arusha, Tanzania, has installed a size 11D Banbury mixer to improve productivity and the quality of mixed rubber used in the manufacture of tyres. The £600,000 contract includes electrical drives, dust extraction systems and ancillary equipment. The second order, valued at £200,000 is with the Wayne Rubber Company (Pty), Roxburgh, near Durban. By mid-1982 the company will install an 11D Banbury mixer in Wayne's new 12,000-metre factory being built in Prospecton.

★

Commercial Union is purchasing nearly £400,000-worth of high-speed data communications equipment from THORN EMI DATA-TECH for use in the company's newly-developed branch teleprocessing system. This network is being established to link mini-computers at each of Commercial Union's 41 main UK branches to data processing headquarters at Whyteleafe, near Croydon, Surrey.

FT UNIT TRUST INFORMATION SERVICE

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WORLD STOCK MARKETS

Wall St 5.4 firmer at 1pm

HELPED BY encouraging news on the inflation front, Wall Street, took Wednesday's good rally a stage further in another heavy early trade yesterday.

The Dow Jones Industrial Average, which recovered almost 14 points the revpious day, was 5.42 firmer at 832.19 at 1 pm. The NYSE All Common Index recouped a further 39 cents at $65.84, while advances outscored falls by close to a three-to-one ratio. Trading volume came to 43.22m shares, against the 44.22m recorded at 1 pm on Wednesday.

It was reported that the Consumer Price Index rose only 0.3 per cent in January, the smallest monthly increase since a 0.1 per cent gain in June 1980.

Analysts said the market is also gaining support from recent declines in some short-term interest rates.

However, rojections for the M-1 measure of the money supply this week, ranging from flat to slightly higher, may be preventing any significant rally, they added.

Stocks have dropped sharply in recent weeks following gains or smaller - than - expected declines, in M-1.

Oil stocks were among the most active issues as bargain hunters continued their shopping spree, started the previous day.

Volume leader Cities Service gained $1 to $30¼. Also active were Exxon, off ⅛ to $28¼, and Sonat, up ⅜ to $25¼.

The sharp fall on the Tokyo Stock Exchange hurt Japanese stocks. Commerce Secretary Malcolm Baldridge said reciprocity laws may be enacted unless the Japanese acted to open their markets. Matsuhita lost $2 to $51⅜, Honda Motor ¾ to $31 and Sony ⅜ to $14.

Pacific Tin Consolidated fell 1⅛ to $14½ due to a drop in tin prices.

THE AMERICAN SE Market Value Index improved 2.00 to 269.19 at 1 pm on volume of 3.12m shares (3.29m).

Canada

Shares in Canada also tended to recover further ground yesterday morning. The Toronto Composite Index was ahead 5.1 at 1,681.1 at noon. Golds put on 19.3 to 2,481.3, Oil and Gas 12.2 to 2,829.3 and the interest rate-sensitive Real Estate and Construction index 22.4 to 5,147.8.

Tokyo

The marekt recorded its sharpest fall and is also now at its lowest point for three months, with sentiment dominated by fears of a worsening domestic economy and growing trade friction with the U.S.

The Nikkei-Dow Jones Average ended 83.57 weaker at 7,580.45 for a three-day fall of 178 points. This is the steepest one-day slide since losing 109.46 on November 27 last year, while the Average is now at its lowest level since closing at 7,566.17 on December 2.

The Tokyo SE index receded 4.66 more to 562.24, while there was a fair volume of 320m shares although well below Wednesday's 470m.

The market got off to a decent start, buoyed by Wall Street's rebound on Wednesday and Japanese Government plans to pour money into public works projects in the first half of fiscal 1982 in an attempt to stimulate the economy.

Soon, however, it started running out of steam and Blue Chips then led a general retreat.

Both operators and investors were discouraged by recent pessimistic remarks from Japanese officials on domestic economic conditions, stock analysts said.

Also causing fresh weakness was a report from Washington which said U.S. Commerce Secretary Malcolm Baldrige warned a Japanese ruling party trade mission now visiting America that Japan should do something drastic to open the Japanese market to overseas goods. Adding to the worries was a Japanese new agency report out of Washington that a new protectionist Bill was introduced in Congress.

The yen's inability to shake off its weakness against the U.S. dollar and reports on worsening Japanese corporate earnings were also forcing foreign investors in the Tokyo stock market to line up on the selling side.

Takeda Chemical dipped Y34 to Y960, Sony Y40 to Y3,330, Hitachi Y16 to Y675, Kyoto Ceramic Y100 to Y3,620, Olympus Y50 to Y990 and Nissan Motor Y20 to Y800.

Australia

Markets continued their downward path yesterday, with dealers disregarding the better news from overseas and concentrating on domestic developments, including higher interest rates and worries about the fate of the Bond Corporation empire.

The Australian All Ordinaries index, hammered down through the 500 mark on Wednesday with a fresh fall of 7.5, slipped 4.3 more to a new 26-month low of 490.0.

Bond shares, which started 1982 at A$2.70 and were trading at A$2.18 a week ago, had sales as low as A$1.35 yesterday before ending at A$1.55 for a day's fall of 18 cents. The fall prompted the home Stock Exchange, Perth, to raise a query with the Bond Board, which attributed the sharp decline to "completely unfounded rumours" circulating on the Sydney Exchange about the company's financial state. The company, whose interim figures are due shortly, is to make an official statement today in reply to the query.

Initially, markets made a feeble recovery attempt but this was swept aside as the bad new sunk in. The latest rise in the Australian Treasury Bill rate to 16.8 per cent put pressure on dividend-paying Industrials.

Among Stores, Woolworth hardened 2 cents to A$1.52 against the trend, helped by improved annual ersults.

Germany

Stocks mainly firmed in lively trading, aided by renewed hopes of a cut in West German interest rates, and also the overnight Wall Street upswing. The Commerzbank index put on 3.2 to 702.7.

A trigger for the stock market hopes may have been Bundesbank's announcement that it was taking interest tenders starting at 9.5 per cent for a 35-day securities repurchase agreement.

Paris

A fall in the French Call Money rate to 14⅛ per cent from 14⅜ and the sharp overnight Wall Street recovery gave renewed buoyancy to the Paris Bourse. The Indicateur de Tendance index climbed 2.2 to 121.50, while rises outpaced declines in the French section by 126 to 42.

The encouraging tone of the talks between President Francois Mitterrand and West German Chancellor Helmut Schmidt also helped sentiment.

The start of trading was again delayed for 15 minutes by an influx of buying orders for the compensation rights companies being nationalised.

Hong Kong

After manging only a modest early improvement in response to Wednesday's Hong Kong Budget and the overnight good rally on Wall Street, the market encountered subsequent selling and finished slightly easier on the day.

Investors were said to have been disappointed with the limited price gains recorded early in the session.

The Hang Seng index, after a recovery of 11.79 the previous day ahead of the Budget news, yesterday picked up 6.70 more before receding to 1,265.00, down 2.12 on the day.

Turnover was again thin, amounting to HK$175.45m on the four exchanges, compared with HK$95.30m in the short Wednesday session.

Closing Prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

AUSTRALIA Feb. 25	Price Aust. $	+ or —
ANZ Group	3.99	—0.05
Acrow Aust.	1.6	
Ampol Pet.	1.38	—0.02
Assoc. Pulp Pap	1.6	
Audimco	0.10	+0.02
Aust. Cons. Ind.	1.48	+0.01

JAPAN (continued) Feb. 25	Price Yen	+ or —
Kubota	338	
Kumgaai	388	—15
Kyoto Ceramic	3,620	—100
Lion	391	—7
Maeda Cons.	564	—4
Makita	749	+3
Marubeni	319	+1

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y. S.E. ALL COMMON

Feb. 24	Feb. 23	Feb. 22	Feb. 19	1981-82 High	1981-82 Low
65.45	64.44	64.55	65.43	79.14 (6/1/81)	64.44 (23/2/82)

Rises and Falls	Feb. 24	Feb. 23	Feb. 22
Rises	1,019	623	592
Falls	483	854	908
Unchanged	359	415	411
New Highs	20	8	19
New Lows	106	208	127

MONTREAL	Feb. 24	Feb. 23	Feb. 22	Feb. 19	1981-82 High	1981-82 Low
Industrials	292.16	290.75	280.44	290.54	409.58 (27/5)	269.27 (16/2/82)
Combined	277.66	276.32	275.45	274.98	375.28 (13/8)	273.50 (16/2/82)
TORONTO Composite	1676.0	1658.6	1656.6	1662.8	2390.55 (16/7)	1648.5 (15/2/82)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Mobil	1,673,300	22⅝	+ ⅝
Texaco	1,387,400	30	+ ½
Gulf Oil	1,252,800	30⅝	+1
Atl Richfield	1,063,600	36¾	+1⅜
Am. Tel. & Tel.	982,300	55	+ ½
Std. Oil Calif.	801,500	33⅝	+1½
Sony	705,900	14⅛	— ¼
IBM	704,100	61⅞	+1
Contl. Illinois	703,000	30⅝	— ⅜
Phillips Petrlm.	695,900	33⅜	— ⅜

(**) Sat. Feb 20: Japan Dow (C), TSE (C).

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Indian tea consumption drive urged

By P. C. Mahanti in Calcutta

INDIAN TEA producers, with international agreement still unresolved now feel that in order to sustain a rising tempo of output active steps should be taken immediately to expand the internal market.

Increased output has become essential to contain costs now rising at a serious rate.

The Sixth Plan ending in 1984-1985 provides for an annual additional output of 25m to 35m kilos of tea and an additional export of 10m to 11m kilos.

This means the domestic market must expand to absorb an additional quantity of 20m to 25m kilos per year.

India is currently consuming around 350m kilos, a large part of a total output of 570m kilos. But per capita the consumption is still below ½ kilo, one of the lowest per capita consumption figures in the world.

The Indian tea industry feels that there is sufficient scope to raise this figure appreciably in the short term.

The Indian Tea Association and the United Planters Association of South India have together commissioned a market survey from a consultancy firm of the areas which promise to be high tea drinking centres.

Meanwhile two committees which were set up last year to chalk out strategies for export promotion separately for bulk tea and tea in value-added form have submitted their reports which are being scrutinised by the Indian Government.

Jute mill dispute worsens

INDIAN JUTE mill owners have ben given a March 11 deadline to meet the demands to a nearly 300,000-strong workforce in the industry who have been threatening to go on strike against the industry's refusal to pay a 20 per cent bonus, fixt right work norms and proper grades and scales of pay.

In the event of the industry refusing to comply the unions will decide when and how to launch a total strike.

Far from meeting the workers demands, the industry has already declared a lock-out in 12 mills, throwing some 60,000 workers out of employment. The Government has been asked to take over the closed mills and reopen them as part of a policy to nationalise the industry step by step.

Rubber producer scheme welcomed

BY OUR COMMODITIES STAFF

A SRI LANKAN scheme aimed at boosting the depressed rubber market was "very favourably received" by Malaysian Ministers in recent discussions, Mr Ronnie de Mel, the Sri Lankan Finance Minister, said in Kuala Lumpur yesterday.

He said the scheme for co-ordinating production and engaging in collective marketing, was discussed with the Malaysian Prime Minister, Datuk Ser Mahathir Mohamed and other ministers concerned.

Mr de Mel said his country was in favour of establishing a special secretariat to study the matter and develop a co-ordinated approach to rubber.

"We feel we must go further to have an association of producers if necessary to allow producers to take more positive setps. Otherwise, we are always at the mercy of . . . the big international rubber monopolies," he explained.

Mr de Mel did not elaborate on the relations between the proposed scheme and the existing Association of Natural Rubber Producing Countries (ANRPC), set up prior to the conclusion of the International Rubber Agreement (Inra) between producers and consumers in 1979.

He said "very little positive action has been taken" by the ANRPC, but added it could possibly be revitalised.

Wong Sulong writes from Kuala Lumpur: An EEC request for an extension of the final ratification date for the Inra from February 28 to the end of April will be discussed, at a special session of the International Rubber Organisation (Inro) here on March 5, Mr K. Algamar, Inro's executive director, confirmed yesterday.

The EEC has told Inro that the extension for ratification is necessary to enable Belgium and Italy to get the necessary parliamentary approval.

It requires 80 per cent of the votes from both the producer and consumer countries to formalise the Inro operations, and so far only 70 per cent of the consumers and 79 per cent of the producers have ratified the pact.

Tin production cuts inevitable—review

BY JOHN EDWARDS, COMMODITIES EDITOR

THE TIN buying group, that has dominated the market since last July, will have to stop purchasing operations later this year, according to the annual review of the metal markets, issued by Hargreaves and Williamson, London commodity brokers.

The review predicts that the cash price of tin will collapse to below £7,000 a tonne — a forecast that came close to being realised yesterday when tin prices collapsed again.

David Williamson calculates that at the end of 1981 the group held the world's tin surplus — some 35,000 tonnes. With demand down, and production up, this could rise to 70,000 tonnes (valued at £600m) by the end of this year and still more in 1983.

As a result, he said, production cuts are inevitable. Either the group will have to pass the buck to the International Tin Council buffer stock, triggering off the likelihood of export controls, or a producer cartel will have to agree on output reductions.

Otherwise the review sees a fairly subdued year ahead in the metal markets, with few fireworks. Any surprises, it forecasts, are likely to be politically inspired, but gold might provide a trigger.

● In New York, Phelps Dodge said it will shut down the second of three reverberatory furnaces at its Douglas, Arizona copper smelter indefinitely on February 28 because of a shortage of concentrates.

The smelter processes 1,800 short tons of concentrates daily at full production. One furnace at the smelter was shut down on January 3 after Phelps Dodge announced a 28 per cent reduction in 1982 copper production at its Arizona and New Mexico mines.

Extra coffee quotas released

THE International Coffee Organisation (ICO) 15-day average indicator price rose to 135.02 cents a pound yesterday, breaching the 135 cent trigger level for increasing 1981-82 (Oct-Sep) ICO export quotas. As a result 672,181 bags (60 kilos each) has been added to the 56m bag total quota, Reuter reports.

The increase is being distributed among exporting members in equal parts of 224,060 bags between the remaining three quarters of the coffee year, including the current January-March quarter.

As the world's leading producer, Brazil gets the biggest quota increase at 193,347 bags (for the whole coffee year). Next comes Colombia with an extra 108,162 bags. African and Malagasy producers with 81,081, Indonesia with 28,690 and Mexico with 23,813.

Making the announcement in London, Sr Alexandre Beltrao, the ICO executive director, pointed out that the current price was 40 cents above the level ruling at the beginning of September last year, before 1981-82 quota negotiations began.

On the London futures market yesterday the May position gained £16.50 to £1,302 a tonne. Dealers said the quota release had been expected and had little market impact.

New powers to control warble flies

By Our Commodities Staff

THE Ministry of Agriculture has been given stronger powers to guard against British cattle being hit by heavy infestations of warble flies—whose grubs spoil animals' hides by burrowing out through them.

From March 15 infestation will become a notifiable disease. The Ministry will be able to order treatment of all cattle on premises where an infestation has occurred and restrict cattle movements from such premises.

The latest moves represent a further stage in a campaign to eradicate warble flies from Britain which was begun in the autumn of 1978. During that time the number of infested animals has shrunk from 38 per cent to 1 per cent of the total herd.

FARMER'S VIEWPOINT

Where to spend it

ONE OF the farming pundits of my youth, when asked for advice on investing, would respond in these terms: There are mornings when I wake up with an unaccountable urge to go out and buy something; a tractor, a new building or even a shovel. The only cure I have found for the symptoms is to walk gently around the farm and after a while they pass off.

He was of course speaking in the depression in the thirties, but I was reminded of it when reading the NFU's reaction to the White Paper the Review of Agriculture. It showed, I thought, by comparison with much else in our society, a fairly favourable picture. Farm income up by 14 per cent in money terms even 1.5 per cent in real terms. Bank lending is up to £3.4bn or an average of £15,000 per holding about 10 per cent of the land and tenants capital of the average 130 acre holding.

This must make farming the most undergeared industry in these islands, and very few farmers are going under at the moment. All the indications are that confidence is at a high level. Farm land still costs more than it can earn by a very wide margin, every farm to rent is besieged with offers. The agricultural colleges and universities are bulging at the seams with young people for whom there can be little if any chance of ever getting near a farm, let alone farming one on their own.

Yet Sir Richard Butler, President of the National Farmers' Union (NFU) deplored the fact that investment in machinery and buildings is down by 18 per cent and 23 per cent respectively. This, I might say, is the constant cry from NFU headquarters and I question whether it is really valid. By comparison with farms I have seen in many parts of the world, British farm machinery and buildings are the last word in modernity.

There are of course always improvements that can be made, manufacturers bring out new models every year. But most machines will go on working well for a long time to come. Farmers have come to realise that once the machine, whatever it is, has been paid for and written off the longer it can be kept in efficient work the more profit it is earning.

Few farm machines are worked continuously all the year round in the way in which a milking machine does everyday. On my own farm the only machines which work daily are the feed mill, and the electric fencing units which keep my stock within bounds.

On buildings the position is confused by what I would call "Cherrington's Law." Every building put up is almost invariably found to be in the wrong place and of the wrong design. And that it has been superseded by a more efficient one. Some 15 years ago I put up a pig unit to the very latest design of a very practical farmer. No sooner was this completed than I found that my mentor had changed his mind, bulldozed down the buildings that I had copied, and put up one that was completely different.

I am still stuck with the earlier design which works but is very labour intensive. But if I changed to a later model the labour savings I might have made would be overcome by the increased costs of the new buildings at present interest rates. Pigs are not among the products guaranteed by the CAP, so they are a gamble anyway.

In any case I have another precept nagging on my consciousness which stems from my friendship with a French landowner. He used to say to me, "The only farm investments to be countenanced are in land and livestock which can grow into money. Buildings crumble and machinery rusts away." It was good advice in the late '40s and '50s but needs some qualification today.

Land will always be there of course. It can be considered rather better than gold as a hedge against inflation now that gold has been demonitarised into a common-or-garden commodity. The gold price has halved in the past two years while land prices have remained more or less static, although that means they are actually dropping in real terms. It is also evident that only land of the best quality is holding its value, secondary parcels are very difficult to sell.

Even so, land looks to be a better bet than livestock as a means to holding capital together. The installation, or extension, say, of a dairy or pig herd, if that is what more investment means, is very much an individual decision. At the very least it entails a great deal more work and worry and the final product is in danger of adding to a surplus.

A sensible investment would be the reclamation of bog moorland, or even the readjustment of field boundaries by the removal of hedges. But these moves are now the target of environmental anger.

By their conservative approach to investment, farmers are probably being sensible. They have read how Danish farmers invested to such an extent a few years ago that they are now in deep trouble. Some farmers here are too, by over stratching themselves with borrowed money freely offered by the banks. But the great majority prefer to use their cash for other things. After all what is the use of having a farm unless to take out of it more than you put in?

John Cherrington

British farm land values becoming eroded

BY OUR COMMODITIES STAFF

THE PERFORMANCE of British farm land over the last two years failed to justify their reputation as a reliable hedge against inflation, according to Farmland Market magazine.

In its latest issue it says vacant possession farm land averaged £1,821 an acre at sales last year, 4 per cent down from the 1980 figure and slightly below the £1,828 an acre recorded in 1979. In the second six months of 1981 the average was still lower at £1,805.

Prices are unlikely to move off their present plateau during the current year, the magazine adds.

The decline is attributed to a far wider cross-section of farms coming on the market last year. In addition, Farmland Market points out that vendors had accepted that the recession in values was not going to be short-lived and offered land at more realistic prices. Prices asked in 1980 had often been "over optimistic," it says.

Tremendous variations in prices are masked by the average, the magazine says.

Farms in the 25 to 49 acre group fell 6 per cent to £2,431 an acre and those in the 250 to 349 acre category were 14 per cent cheaper at £1,707 an acre.

There were also wide regional variations. The average price in Wales was down 15 per cent in 1981 while the figure for the north of England was down 9 per cent and that for the east down 7 per cent.

In contrast farms sold in the south-east averaged 9 per cent more than in 1980 and small rises were registered in the south-west and the west Midlands.

Farmland Market is published twice a year by Farmers Weekly and Estates Gazette in collaboration with Oxford University's Institute of Agricultural Economics.

Plan to boost UK potato sales

BY OUR COMMODITIES STAFF

THE Government is putting up £150,000 to back a plan to boost sales of top quality British potatoes, Mr Peter Walker, the Minister of Agriculture, announced yesterday.

In a written Parliamentary reply he said the move was being made in response to an initiative by the Potato Marketing Board.

The PMB scheme will begin this year with a market test in Scotland promoting a national brand of potatoes for which only high quality produce will be eligible. If it is successful the promotion will be extended to the rest of the country in later seasons.

The cost of the scheme will be shared between the Ministry of Agriculture and the PMB. The Ministry's contribution will be made through the Central Council for Agricultural Co-operation.

The Board is arranging consultative meetings with all sectors of the potato trade before drawing up detailed plans for the scheme.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METALS were quiet on the London Metal Exchange, with the sole exception of Tin. In a very active market, tin switched from the opening Backwardation of £250 to close showing a Contango of £20, with forward metal at £7,375 and spot down sharply to £7 395. Copper closed at £836, Lead at £340, Zinc at £442, Aluminium at £598.5 and Nickel at £3,155.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
HighGr de	£	£	£	£
Cash	856.5-7	-5.5	856.5-6	-6.25
3 mths	885.5	-5	884.5-5	-6.25
Settlem't	857	-5.5	—	......
Cathodes				
Cash	853.5-4	-7.75	853.5	-6.25
3 months	881-2	-4.75	874-81	-6.5
Settlem't	854	-8	—	......
U.S. Prod	—	......	*76.5-82	......

Amalgamated Metal Trading reported that in the morning high grade cash copper traded at £858.50, 58.00, 58.00, 57.00, 56.50. Three months £885.00, 85.50, 85.00, 88.00, 87.00, 86.00, 85.00, 85.50. Cathodes, cash £854.00. Kerb: higher grade, three months £884.00, 83.00, 82.00, 81.00, 80.00, 80.50, 81.00, 82.00, 82.50, 83.00, 82.50. Afternoon: Higher grade, three months £884.00, 84.50, 85.00, 84.50, 84.00, 84.50. Kerb: Higher grade: Three months £886.00, 87.00, 86.50, 87.00, 87.50, 87.00. Turnover: 23,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	329.5-30	-2.5	328.5	-2.25
3 months	340-1	-2.25	339.5	-1.25
Settlem't	330	-3	—	......
U.S. Spot	—	......	*28	......

Lead—Morning: Cash £329.00, 29.50. Three months £342.00, 41.50, 40.00, 40.50. Kerb: Three months £339.00, 39.50. Afternoon: Three months £339.00, 38.50, 39.50. Kerb: Three months £341.00, 40.00. Turnover: 5,675 tonnes.

Tin—Morning: Standard, cash £7,975, 7,750, 7,700. Three months £7,725, 7,700, 7,660. High grade, three months £7,700, 7,690, 80. Kerb: Standard, cash £7,660.50, 7,600, 7,550. Three months £7,620, 30, 7,580, 90, 50. Afternoon: Standard, cash £7,400, 7,390. Three months £7,560, 40, 20, 10, 7,500, 7,480, 7,460, 50, 40, 50, 80, 7,500, 7,450, 30, 7,400, 7,390. Kerb: Standard, three months £7,410, 00, 7,370, 80. Turnover: 3,410 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7700-20	-425	7500-40	-775
3 months	7670 90	-55	7580-90	-310
Settlem't	7720	-430	—	......
Standard				
Cash	7700-20	-425	7500-40	-775
3 months	7600-70	-70	7580-90	-310
Settlem't	7720	-450	—	
Straits E.	‡853	-.09	—	
New York	—	......	—	......

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	433.5-4	-4.75	433-4	-4.75
3 months	440.5-1.5	-4.25	440.5-1	-4.75
S'ment	434	-5	—	......
Primw'ts	—	......	*42.75-3.75	—

Zinc—Morning: Cash £436.00, 34.00. Three months £443.00, 42.50, 41.00, 40.50, 40.00, 40.50, 41.00. Kerb: Three months £440.00. Afternoon: Three months £439.00, 40.00, 40.50, 41.00. Kerb: £441.00, 41.50, 41.00. Turnover: 5,300 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	575-6	-.75	574-5	-2.5
3 months	596.5-7	-.5	596-8	-1.25

Aluminium—Morning: Cash £579.00. Three months £598.00, 97.00, 97.50, 97.00, 96.50, 96.00. Kerb: Three months £595.50, 95.00, 94.50, 94.00, 94.50, 95.00, 96.00. Afternoon: Three months £595.50, 96.00, 96.50, 97.00. Kerb: Three months £597.00, 98.00, 99.00. Turnover: 8,000 tonnes.

Nickel—Morning: Cash £3,095, 3,100, 3,108. Three months £3,120, 25, 30, 35. Afternoon: Cash £3 115. Three months £3,130, 35, 40, 45, 50. Kerb: [illegible]

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3100-8	+56.5	3110-20	+30
3 months	3135-40	+49	3145-50	+30

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 4.1p an ounce higher for spot delivery in the London bullion market yesterday at 439.3p. U.S. cent equivalents of the fixing levels were: spot 803.3c, up 7.3c; three-month 831.5c, up 6.7c; six-month 861.1c, up 6.3c; and 12-month 921c, up 5.5c. The metal opened at 437-441p (803-808c) and closed at 433-437p (794-799c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	439.30p	-4.10	435.25p	-1.75
3 months	453.55p	-3.85	449.25p	-1.25
6 months	466.25p	-3.55	—	......
12 months	490.35p	-3.55	—	......

LME—Turnover 95 (88) lots of 10,000 ozs. Morning: Three months 454.0, 54.5, 55.0, 54.5, 53.0, 53.5, 53.3. Kerb: Three months 457.5, 53.0. Afternoon: Three months 449.0, 48.5, 50.0, 50.5, 49.5. Kerb: Three months 450.0.

COCOA

Futures initially remained steady but a lack of follow through prompted profit-taking. Actuals business was again quiet, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or —	Business Done
March	1203-04	+2.5	1220-94
May	1168-64	-8.0	1173-59
July	1182-83	-3.0	1190-80
Sept	1195-96	-2.0	1200-94
Dec	1201-11	-10.5	1220-11
March	1226-27	-7.0	1235-27
May	1238-48	-1.5	1240

Sales: 2,483 (3,183) lots of 10 tonnes. ICCO—Daily price for Feb 25: 95.11 (95.34). Indicator price for Feb 26: 94.35 (94.36).

COFFEE

Encouraged by a firm New York close, London opened £20-25 higher, reports Drexel Burnham Lambert. Commission house buying and short covering triggered some minor stops but dealer profit-taking and trade resistance prevented a major breakthrough above £1,300 basis May. The physical coffee quota release influenced some long liquidation.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1385-90	-10.0	1407-84
May	1301-03	-16.5	1315-92
July	1265-55	+20.0	1254-40
Sept	1224-25	+18.0	1252-17
Nov	1200-10	-7.5	1220-15
January	1190-05	-15.0	—
March	1176-00	+15.0	—

Sales: 5,664 (2,255) lots of 5 tonnes. ICO Indicator prices for February 24 (U.S. cents per pound): Comp. daily 1979 134.37 (134.28); 15-day average 135.75 (134.69).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 100 tonnes. A little more interest was displayed in available growths, but the offtake remained small. Demand centred on North and South American styles, with meagre support in African and Middle Eastern qualities.

GAS OIL FUTURES

The market opened unchanged before strengthening on technical factors and anticipation of a stronger New York market. Towards the close prices eased off on the lack of follow-through and profit-taking, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
February	283.00	-2.50	[illegible]
March	269.75	-1.25	[illegible]
April	259.75	+1.75	[illegible]
May	259.50	+1.25	[illegible]
June	261.75	+1.25	[illegible]
July	262.00	[illegible]	[illegible]
Aug	264.00	+0.25	
Sept	266.50	+0.75	
Oct	269.00	-0.50	

Turnover: 1,134 (1,668) lots of 100 tonnes.

GRAINS

Old crops opened higher, new crops unchanged. March wheat was the only month to remain firm as the rest traded in a narrow range. Some interest was shown in new crop wheat, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar	109.90	-0.40	105.80	-0.25
May	114.25	-0.05	110.15	-0.15
July	117.90	-0.10	—	......
Sept	106.50	-0.05	102.25	+0.10
Nov	110.75	—	106.00	......
Jan	113.95	-0.05	109.75	-0.10

Business done—Wheat: March 109.80-109.35, May 114.25-14.05, July 117.80-117.75, Sept 106.50 only, Nov 110.15 only, Jan 114.00 only. Sales: 155 lots of 100 tonnes. Barley: March 106.00-105.75, May 110.15-110.00, Sept 102.15-102.10, Nov 106.00. Sales: 102 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent March 112.25, March 120.75, April 112 transhipment East Coast sellers U.S. Hard Winter 13½ per cent March 116 transhipment East Coast. English Feed fob March 114 and 13.75 paids East Coast. Maize: S. African Yellow April 80 50 quoted. Barley: English Feed fob March 111 East Coast Sept 103, Oct 108 East Coast sellers. Rest unquoted.

HGCA—Location ex-farm spot prices. Feed barley: S West 106.50, W Mids 107 00, N West 107.00. The UK Monetary Coefficient for the week beginning Monday March 1 is expected to change to 0.919.

RUBBER

The London physical market opened slightly steadier, attracted little interest throughout the day and closed very quiet. Lewis and Peat recorded a March fob price for No. 1 RSS in Kuala Lumpur of 202.5 (201.5) cents a kg and SMP 20 181.0 (180 0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
April	46.30-47.00	45.70-45.80	46.50
May	47.20-48.00	46.50-47.00	—
Apl-Jne	47.30-47.40	46.60-46.70	47.40-47.20
Jly-Sept	50.30-50.70	50.10-50.20	50.60-50.60
Oct-Dec	53.60-53.80	52.90-53.00	53.80-53.30
Jan-Mar	56.60-56.60	55.80-55.90	56.80-56.30
Apl-Jne	59.30-59.50	58.70-58.80	—
Jly-Sept	62.30-62.40	61.50-61.60	62.40
Oct-Dec	65.30-65.40	64.40-64.50	65.40

Sales: 212 (203) lots of 15 tonnes, ‡ (22) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 46.00p (44.75p); April 49.00p (48.50p); May 49.00p (48.75p).

WOOL FUTURES

BRADFORD—Business was only fair, with some difficulty seen in raising selling prices. The upward pressure on prices came from the wool end, with currency occasionally an influence although there is no substantial movement.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 930, 405, 405; May 405, 410, 416-410; Aug 424, 427, 432-425; Oct 423, 426, 433-426; Dec 424, 427, 435-426; Jan 424, 427, 435-426; March 430, 434, 441-434; May 437, 439, 445-439; Aug 444, 449, 455-449. Sales: 119.

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. March 510.0, 511.0, 511.0-507.0; May 514.5, 515.0, 514.0-513.0; July 525.5, 526.5, 528.0-522.0; Oct 518.5, 521.0, 520.0-517.0; Dec 524.0, 525.0, 526.0-525.0; March 528.5, 531.0, 530.0-528.5; May 533.0, 534.0, 532.0; July 539.0, 540.0, 540.0-538.5. Sales: 307.

SOYABEAN MEAL

The market opened slightly easier, reports T. G. Roddick. Prices remained in a narrow range in thin trading.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	
April	[illegible]	[illegible]	

Sales: 139 (134) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £163.00 (£167.00) a tonne cif February-March shipment. White sugar daily price £171.00 (£175.00).

Shortcovering developed at the lower levels and prices recovered, reports C. Czarnikow.

No. 4 Contract	Yesterday's close	Previous close	Business done
March	165.75-66.00	167.25-67.40	167.00-63.00
May	[illegible]	[illegible]	[illegible]
Aug	178.25-76.35	176.80-71.00	112.00-87.00
Oct	175.60-76.00	174.25-74.50	174.25-70.00
Jan	175.75-76.00	175.50-76.00	—
March	179.25-79.50	180.05-80.15	178.75-76.00
May	182.00-82.50	182.75-85.00	182.00-81.50

Sales: 6,339 (6,025) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £373.00 (£277 00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 24: Daily price 12.21 (12.45); 15-day average 13.10 (13.16).

POTATOES

LONDON POTATO FUTURES—A strong Amsterdam market and follow through buying moved April higher at the opening. After losing some of the gain a new contract high was reached. Profit-taking, encouraged by a slight fall in Holland, trimmed the gains, reports Coley and Harper. Closing prices: April 145.70, +1.90 (high 49 50, low 145.00); Nov 66.90, −0.10 (high 67.50, low 66 90); Feb 77.00, unchanged (untraded). Turnover: 1,488 (1,123) lots of 40 tonnes.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3 50-£4.40 codlings £2.80-£3.50; large haddock £3.80-£4.40 medium £3.40-£4 00, small £2 00-£2 70; best small plaice £2 80-£3 30; small skinned dogfish £3 00-£4.00; large lemon soles £15 00, medium £13 00; saithe £2.00-£2 80.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 86 0 to 89 0. Veal: Dutch hinds and ends 118.0 to 126.0. Lamb: English small 81.0 to 87 5, medium 81.0 to 84 0, heavy 72.0 to 84.0. Scotch heavy 72 0 to 84.0. Imported New Zealand PL 65.0 to 66 0, YLs 64.0 to 65 0. Pork: English, under 100 lb 42 0 to 56 0, 100-120 lb 46.0 to 55.5, 120-160 lb 42.0 to 54.0. Hares: English, large (each) 320.0 to 350.0.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 101.71p per kg lw (+0.38). UK—Sheep 204.82p per kg est dcw (+0.11). GB—Pigs 78.71p per kg lw (+0.51).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels/Navelinas 42/130 4.60-.30; Cypriot: Shamouti 3.50-4.00; Jaffa: Shamouti 80/168 4.70-5 60; Moroccan: Navels 48/113 3.60-4 50. Clementines—Spania: 6.00-7.00; Moroccan: 5.00-6.50. Mandarins—Spania: 3.80-4.40, Karas 4.80-5.50. Wilkins—Spania: 4.20-4.80. Temples—Jaffa: 32/81 4 00-6.60. Minneolas—Cypriot: 52/72 6.60-6.50; U.S.: 73/100 8.50. Lemons—Cypriot: 2 50-3.00; Spania: 40/50 1.60-2.00; Italian: 80/120 4.00-5.00; Jaffa: 45/50 2.50. Grapefruit—U.S. Texas Ruby 6.00-6.50, Florida Ruby 7 50-8.00; Cypriot: Large cartons 3.00-4.00, small cartons 2 50-3.20; Jaffa: 36/88 3 50-4.90. Apples—French: New crop, Golden Delicious 20 lb 3 00-3 80, 40 lb 6.00-8.00, Stark Crimson 40 lb 7.00-7.80, 20 lb 3.40-3.80, Granny Smith 10.00-10.60; Canadian: Red Delicious 9.50-12.00, Spartan 20 lb 5.00, McIntosh Rede 20 lb 5.20; U.S. Red Delicious 10.00-14.00. Pears—Dutch: Comice 14 lb, per lb 0.28-0.30; S. African: Williams' Bon Chretien 8.00-8.50; Italian: Per lb Passacrassana 0.14-0.17. Peaches—S. African: 2.80-3.60. Plums—S. African: Per lb Eldorado 0.20-0.35, Songold 0.30-0.50, Wicksons 0.30-0.40, Harry Pickstone 0.30-0.50, Gaviota 0.25-0.45, Kelsey 0.30-0.45. Grapes—Spanish: Almeria 11 lb 1.00-2.50, Thompson 8.50-9.00; S. African: Dan Ben Hannah 6.00, Alphonse 6.50, Waltham Cross 9.00; U.S. Red Emperor 0.45-0.50.

English Produce: Potatoes—Per 55-lb, white 2.50-3.20, red 2.60-3.50, King Edwards 3 00-3 80. Mushrooms—Per pound, open 0.30-0.40, closed 0.50-0.60. Apples—Per pound, Bramley 0.18-0.26, Cox's 0.22-0.32, Spartan's 0.20-0.25, Russets 0.20-0.25. Pears—Per pound, Conference 0.14-0.22, Comice 0.20-0.30. Cabbages—Per 30-lb bad, Celtic/Jan King 2.00-3.00. Lettuce—Per 12, round 1.00-1.80. Onions—Per 55-lb 40/80 mm, 2.00-2.80. Carrots—Per 26/28-lb, 1.40-2.20. Beetroots—Per 28-lb, round 1.00-1.20, long 1.50-1.80. Swedes—Per net 0.80-1.00. Sprouts—Per 20-lb 3.00-4.00. Rhubarb—Per pound, 14-lb box, 0.20-0.27. Leeks—Per 10-lb 1.00-1.40. Parsnips—Per 26/28-lb 1.00-1.80. Turnips—Per 26/28-lb 1.00-1.30. Tomatoes—Per pound DNE 0.40-0.50. Cucumbers—Per package 4.50-6.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 25 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1040/1075	-5	$1110/1140
Copper			
Cash h grade	£856.25	-6.25	£863.75
3 mths	£884.5	-6.25	£891.75
Cash Cathode	£854	-6.25	£853
3 mths	£874.5	-6.5	£881
Gold troy oz	$366.25	+2.5	$383.75
Lead Cash	£328.75	-2.25	£370
3 mths	£339.5	-1.25	£380.5
Nickel	£3771.7	......	[illegible]
Free mkt	267/287c	+4	260/95c
Platin'm tr oy'z	£260	......	£260
Free mkt	£169.50	+0.45	[illegible]
Quicksilver†	$390/405	-2.5	[illegible]
Silver troy oz	435.25p	-1.75	[illegible]
3 mths	449.25p	-1.25	[illegible]
Tin Cash	£7430	-775	[illegible]
3 mths	£7385	-310	[illegible]
Tungsten 22.04lb	$128.05	......	[illegible]
Wolfrm 22.04lbs	$128/132	......	$128/132
Zinc Cash	£433.5	-4.75	£450.75
3 mths	£440.75	-4.75	£456.75
Producers	$875/900	......	$875/900
Oils			
Coconut (Phil)	$512.50z	-2.50	$550
Groundnut	......	......	$715
Linseed Crude	£430	......	......
Palm Malayan	$510x	......	$520
Seeds			
Copra Philip	$355	......	$350
Soyabean (U.S.)	$254	-1.0	[illegible]
Grains			
Barley Fut. May	£110.15	+0.15	£111.80
Maize	£134.50	......	£134.50
Wheat Fut. May	£114.25	+0.05	£116.80
No.2 Hard Wint	£118.00x	-0.5	£117.50
Other commodities			
Cocoa ship't*	£1199	-3.0	£1257
Future May	£1163.5	-3.0	£1207.5
Coffee Ft' May	£1302	+16.5	[illegible]
Cotton A.index	69.10c	-0.75	[illegible]
Gas Oil Mar.	$269.75	-1.25	$281
Rubber (kilo)	46.00p	+0.75	48p
Sugar (Raw)	£163wv	-4	£176
Woolt'ps 64s kl.	388p kilo	+1	380p kilo

‡ Unquoted. v April. z March-April. y April-May. w Feb-March. x March. † Per 76 lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, February 25. The precious metals weakened on continued bearish sentiment. Copper rallied on short covering based on an oversold condition. Trade buying touched off short covering in sugar. Cotton was steady on evening up ahead of the U.S. consumption report. The livestock was lower on demand concerns and expectations of increased slaughter. Heating oil firmed on tightness in nearby supplies, reported Heinold.

Copper—March 70.15-70.30 (70.20), April 71.25 (71.25), May 72.25-72.35, July 74.15-74.30, Sept 76.15, Dec 78.60, Jan 79.70, March 81.45, May 83.20, July 84.95, Sept 86.70, Oct 88.30, Jan 90.15.

Potatoes (round whites)—March 80.0 (78.8), April 83.4-83.8 (82.7), Nov 77.2-78.0.

Sugar—No. 11: March 12.70-12.72 (12.26), May 12.86-12.70 (12.33), July 12.77-12.78, Sept 12.96-12.97, Oct 13.10, Jan 13.25-13.30, March 13.70, May 13.84-13.86. Sales: 20,118.

Tin—625.00-640.00 (665.00-685.00).

Live Hogs—April 47.40-47.00 (47.92), June 50.70-50.80 (51.25), July 51.60-51.70, Aug 50.70-50.85, Oct 48.55, Dec 49.45, Feb 49.30.

Maize—March 257-258 (260¼), May 270-270½ (272¾), July 280½-280¼, Sept 286, Dec 292-293, March 307-305½.

Pork Bellies—March 71.20-71.50 (72.75), May 72.65-72.75 (74.05), July 72.35-72.30, Aug 70.10-70.25.

CHICAGO, February 25.

Live Cattle—April 64.95-65.05 (65.95), June 63.75-63.85 (64.85), August 61.60-61.70, Oct 59.55-59.65, Dec 59.90-59.95.

Wednesday's closing prices

Cocoa—March 1964 (1935), May 1983 (1976), July 2022, Sept 2075, Dec 2098, March 2123. Sales: 3,339.

Coffee—"C" Contract: March 166.00-166.50 (151.75), May 142.16 (139.11), July 135.55-135.74, Sept 131.00-131.35, Dec 126.50-127.60, March 124.58-126.00, May 125.00, July 124.00.

Cotton—No. 2: March 63.35 (63.17), May 65.20-65.25 (65.14), July 67.20-67.40, Oct 70.00, Dec 71.25-71.40, March 72.90-73.00, May 74.20-74.60, July 75 05-75.80. Sales: 4,000.

*Gold—March 368.0 (363.7), April 372.0-372.5 (367.7), June 380.0-381.0,

†Soyabeans—March 611¼-612 (609¾), May 627-628 (624½), July 642-643, August 648½-649, Sept 651½, Nov 661½-661, Jan 674½, March 689.

‡Soyabean Meal—March 183.5-184.0 (183.9), May 184.7-184.8 (184.4), July 188 5-188.2, August 189.5-190.0, Oct 192.5-193.0, Dec 196.0, Jan 197.5.

Soyabean Oil—March 181.3-181.2 (18.25), May 18.83-18.85 (18.92), July 19.47, August 19.75, Sept 19.95-20.00, Oct 20.15-20.25, Dec 20.06, Jan 20.80, March 21.25.

†Wheat—March 348¾-349¼ (349¾), May 362¾-363 (362¾), July 374¾-374¼, Sept 380, Dec 401, March [illegible]

*Silver—March 786.0-789.0 (797.8), April 802.0, May 806.0-810.0, July 826.0-831.0, Sept 849.0-851.0, Dec 877.0, Jan 889.0, March 908.2, May 928.4, July 948.1, Sept 967.8, Dec 997.3, Jan 1007.2. Handy and Harman bullion: 795.00 (790.00).

WINNIPEG, February 25

§Barley—March 125.00 (125.50), May 127.00 (126.50), July 130.60, Oct 132.10, Dec 132.80.

Platinum—April 348.5-349.5 (351.4), July 356.5 (361.9), Oct 370.0, Jan 380.0.

*Gold—March 369.7 (368.0), April 369.5-370.0 (372.4), May 373.8, June 377.5-378.0, Aug 384.5, Oct 394.2, Dec 401.5, Feb 412.5, April 421.6, June 430.8, Aug 402.0, Oct 48.7, Dec 458.7.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ¶ Cents per dozen. †† $ per metric ton.

Aug 388.0-389.0, Oct 398.5, Dec 408.5, Feb 418.0-416.5, April 423.8, June 433.0, Aug 442.2, Oct 451.5, Dec 461.1.

Orange Juice—March 128.00-128.20 (127.50), May 132.50-132.70 (131.35), July 135.30-135.60, Sept 137.20, Nov 138.90, Jan 140.10-140.80, March 141.55, May 142.50-142.75, July 143.00-143.50. Sales: 1,300.

Chicago Imm. Gold—March 368 2-368.0 (363.8), June 381.0-380.5 (367.0), Sept 394.5, Dec 407.7, March 422.1, June 437.1, Sept 452.7.

EUROPEAN MARKETS

ROTTERDAM, February 25

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent: March 193, U.S. No. Two Red Winter March 182.50, April 186.50. U.S. No. Three Amber Durum Spot 214, March 208, May 184, June 183, July 186. U.S. No. Two Northern Spring 14 per cent March 203, May 181, June 181, July 181, Aug 181. Canadian Western Red Spring afloat 220, May 209.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow afloat 125.50, March 124.75, April 125, May 126, June 126.50, July/Sept 128, Oct/Dec 131, sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports: Feb 249, March 249.50, April 250.25, May 251.50, June 254, July 255.25, Aug 257.75, Sept 257.50, Oct 258, Nov 258, Dec 262, Jan 267.25, Feb 270.25, March 273.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein: U.S. afloat 230-229 traded, afloat 230, Feb 231, March 230, April 227, April/Sept 228, Nov/March 238 sellers. Brazil Pellets: Feb 248.50, March 242, April 235, May 235, April/Sept 235 sellers.

Cocoa—(FFr per 100 kilos): March 1255-1280, May 1265-1270, July 1301-1308, Sept 1325-1330, Dec 1343-1349, March 1366-1375, May 1375-1385. Sales at call: 4.

Sugar—(FFr per tonne): May 1925-1926, July 1930-1950, Aug 1965-1975, Oct 1960-1975, Nov 1960-1975, Dec 1960-1975, March 2020-2025, May 2050-2065. Sales at call: 12.

INDICES

FINANCIAL TIMES

Feb. 24	Feb. 23	Month ago	Year ago
243.79	244.19	252.96	261.55

(Base: July 1, 1952=100)

MOODY'S

Feb. 24	Feb. 23	Month ago	Year ago
995.7	996.6	1003.3	1150.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 24	Feb. 23	Month ago	Year ago
Spot	128.23	126.84	127.64	—
Futr's	133.64	132.87	134.49	—

(Base: December 31 1974=100)

REUTERS

Feb. 25	Feb. 24	M'nth ago	Year ago
1603.2	1607.8	1635.5	1737.4

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Successful Amersham debut highlights volatile equity prices influenced by ICI results—Gilts resume advance

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5

* "New time" dealings may take place from 9.30 am two business days earlier.

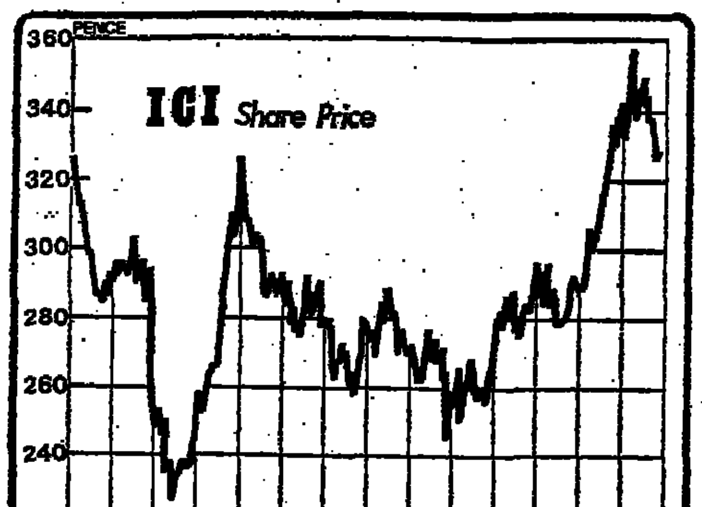
A highly successful debut for Amersham, the radioactive chemicals group floated off by the Government last week, provided the only positive feature in a day notable for fluctuating London equity values. Leading shares were encouraged by Wall Street's overnight trend and got off to a more promising start than recently, although early investment interest was almost entirely centred on Amersham.

Here the scene was reminiscent of last year's Cable and Wireless and British Aerospace flotations. Initial business was hectic with sustained stag selling eagerly absorbed by institutional investors wishing to top up heavily scaled-down applications. From an opening price of around 190p, Amersham eased to 186p as the early flush of enthusiasm subsided before hardening again late to settle at 188p for a premium of 46p on the issue price.

Away from the Amersham pitches, the scene was more mundane. Leading industrials found the enhanced opening levels difficult to hold and turned distinctly dull following ICI's preliminary results. The group's profits and dividend were well received, but the accompanying statement on current prospects left the market nervous about the future and ICI, 332p initially, fell to 320p before rallying smartly to close 2 dearer on balance at 328p.

Illustrating the overall volatility in leading shares, the FT Industrial Ordinary share index was 6 points up at 10 am, 3.4 down at 1 pm, and finally 0.8 lower on the day at 551.8—the close largely reflecting above-average falls in Thorn, EMI and Plessey.

Government securities resumed their advance after the previous two-day shake-out. Contributory influences to yesterday's turnround included revived hopes of lower U.S. interest rates following a major broker loan rate reduction, late overnight firmness in U.S. bonds, easier UK credit conditions and a steadier pound. Lack of selling aided the upturn and, in thin trading, longer-dated stocks rose a point, while the shorts established gains extending to ½; exceptionally, Treasury 8¼ per cent 1984-86 moved up a point to 83¼, small demand finding little stock available.



Composites mixed

Composite Insurances plotted an irregular course in moderate trading. Awaiting Monday's preliminary results, Royals lost 4 at 356p, while General Accident, which report annual figures two days later, cheapened a couple of pence at 314p. Revived speculative support helped Eagle Star to rally 4 to 374p.

The major clearing banks traded quietly in the wake of the base rate reductions and generally held up quite well. Barclays preliminary figures due next Monday, closed unaltered at 486p, while Lloyds softened 2 to 488p as did Midland, to 338p. Elsewhere, First National Finance Corporation edged forward a fraction to 38½p following further speculative support.

Breweries took a modest turn for the better, although late sentiment was not helped by the suggestion from the Brewers' Society that the 1982 beer market will decline by at least between 2 and 3 per cent.

Buildings were unable to shake off recent lethargy, but the tone improved and the leaders managed small gains. The prospect of cheaper mortgages stimulated support for selected housebuilding issues and Barratt Developments firmed 3 to 240p, while William Leech put on 4 to 92p and Bryant Holdings 2 to 83p. Wiggins Group added 3 to 91p, but Bellway shed 4 to 80p on lack of interest. Marked up to 58p on the better-than-expected preliminary results, Ward Holdings encountered profit-taking and reacted to close a penny cheaper on balance at 53p; the Deferred touched 47p before settling a net penny down at 42p. Tunnel B shed 15 to 550p to equal the cash offer from RTZ.

Although ICI's full-year profits were deemed satisfactory, the shares, as high as 332p early on and standing at 326p prior to the announcement, reacted to 320p on initial disappointment with the bearish statement on current trading before steadying up to close 2 dearer on balance at 328p. Croda International touched 83p before closing unchanged on balance at 82p; Burmah Oil's bid for the company has been extended until March 4. Among other Chemicals, Dixor-Strand put on 3 to 19p on speculative support in the wake of the managing director's resignation.

Fraser up late

The late announcement yesterday of Sir Hugh Fraser's resignation from the board induced fresh hopes about another bid for House of Fraser which, after easing to 164p in the early trade, rallied to finish 4 up on the day at 170p; Lonrho, which had a protracted bid battle with Fraser before having its offer vetoed by the Monopolies Commission, were unchanged by the news and closed unaltered at 74p. Elsewhere in Stores, Readicut hardened a penny to 19½p following details of asset sales and Ramar Textiles hardened a fraction to 10p on the interim profits recovery. Amber Day firmed 1½ to 14½p, after 16p, as the chairman's cautious optimism on future prospects outweighed the first-half profits setback. Cornell Dresses added 5 at 177p and Ernest Jones put on 4 to 94p. In Shoes, Footwear Investments added a penny to 79p, after 80p, on the half-yearly figures.

Plessey's third-quarter profits were at the higher end of the estimated range, but the shares fell on selling and lack of support to close 12 down at 355p, after 348p. Thorn EMI remained under pressure, following the previous day's fall of 7 with a decline of 18 at 450p. Racal gave up 7 to 358p, while GEC, after extremes of 823p and 810p, ended 7 off at 812p. Elsewhere in Electricals, BSR dipped 5 to 77p but Kode International firmed that much to 280p and George Scholes improved 7 to 263p.

Leading Engineers followed the general trend with quotations easing back from higher opening levels. Tubes finished 2 lower at 116p, after 122p, while GKN settled a penny firmer at 161p, after touching 164p. Elsewhere, movements were usually limited to a few pence either way. Satisfactory preliminary results left Ratcliffs (Great Bridge) 3 higher at 75p, but Westwood Dawes fell 2 to 34p, after 32p, on the lower annual loss. Simon Engineering eased 5 more to 395p and Moss Engineering 3 further to 102p, while Habit Precision closed 1½ lower at 15p in smaller-priced issues.

Rowntree Mackintosh softened 2 to 164p despite the sharp increase in profits and the higher dividend. Huntley and Palmer closed a penny off at 105p; Rowntree's bid is currently worth about 104½p per share. Elsewhere in Foods, renewed support was forthcoming for Northern and Kwik Save, which added 4 apiece to 162p and 254p respectively, while Tesco added a penny to 56p following the chairman's interim statement. Further speculative interest lifted Amos Hinton 10 to a peak of 320p.

Rock Darham better

Rock Darham continued firmly in miscellaneous industrials, improving 2 for a two-day advance of 4 to 16p on news of a large shareholding changing hands which led to hopes of a "shell" operation. Bid hopes helped Wolverhampton Steam Laundry to add 2 to 67p, while Hoover A firmed 3 to 93p on recovery hopes in the wake of the poor results. Johnson Matthey cheapened 9 to 263p on further consideration of the third-quarter figures and Hattiet Sleigh and Cheston met profit-taking and shed 3 to 10p. Stocklake came on offer and fell 7 to 113p, while Smiths Industries gave up 5 at 340p. The leaders closed mixed. Bowater revived with an improvement of 3 to 250p but Unilever shaded that much to 650p; the latter's results are due next Tuesday.

Renewed speculative interest on bid hopes prompted a gain of 4 to 81p in Zetters.

Motor Distributors eased again, scattered selling and lack of support clipping 3 from Lex Service to 105p and 4 from Caffyns to 126p. Dorada shed 2 to 37p, Glanfield Lawrence 3 to 43p and T. Cowie 1½ to 28½p. Among Components, Kwik-Fit gave up 4 to a 1981-82 low of 48p.

CCP bid terms

Encouraged by the overnight improvement on Wall Street, dealers opened Oil shares higher but ran into selling at the higher levels. British Petroleum, up to 286p initially, reacted to close only 2 firmer on balance at 280p, while Shell finished 4 up at 348p, after 354p. Outside of the leaders, Ultramar came under selling pressure and closed 10 lower at 390p, after 388p, on talk of a rights issue; the preliminary figures are due to be announced next Wednesday. Dealings resumed in CCP North Sea at 180p, compared with the suspension price of 145p, following the recommended bid from Charterhouse Petroleum worth around 192p per share. Charterhouse closed 3 easier at 71p. KCA International encountered support and put on 8 to 94p, but Atlantic Resources, 140p, and Eglinton, 45p, weakened 10 apiece among Irish issues.

Having been nervously sold down to 152p late Wednesday on rumours that the company had incurred heavy losses on the London Metal Exchange, Gill and Duffus opened at around 160p yesterday and then picked up on the board's reported denial to end the day a net 7 easier at 165p.

Trusts displayed a narrowly mixed appearance. A fall of 6 to 187p in English Association provided the only movement worthy of note in Financials.

P and O Deferred advanced to 131p before easing back to 125p and settling at 127p for a fall of a penny on the day. Elsewhere in Shippings, Ocean Transport became relatively lively and also finished a penny down, at 117p, after 119p.

Scattered losses in Textiles included Coats Patons, 3 cheaper at 61p, and Parkland A, a similar amount off at 39p.

Reflecting the encouraging tenor of the annual report, Imperial Group traded firmly and closed only a shade below the best with a gain of 2 at 84p. Bats, in contrast, finished 3 down at 428p, after touching 437p in the early dealings.

Golds rise afresh

Golds made further progress reflecting the recovery in the bullion price which touched $368 per ounce before closing at $366.25, up 2.5. The Gold Mines index rose 7.3 to 265.5. Sentiment was also helped by the continued strength of the Financial Rand and interest rate optimism, although price rises were sometimes exaggerated by stock shortage.

Heavyweights again finished with gains ranging to a point, such as Hartebeest, £23¾, and President Steyn, £14½, while President Brand firmed ½ at £16¾.

Among secondary issues, Stilfontein, 683p, and Doornfontein, 751p, added 25 apiece and Grootvlei improved 21 to 383p.

South African Financials were quietly traded and closed below the best in most cases, but "Amgold" retained a rise of ¾ at £36.

Australians trended lower, reflecting overnight selling in domestic markets. MIM, which announced a major rights issue earlier in the week, lost 5 more to 158p. Bond Corp. succumbed to selling on fears about the company's financial footing and fell 18 to 90p, after 87p; Mr Alan Bond is expected to make a statement in Perth.

Renison also became a particularly unsettled market following the acutely disappointing first-half figures and plummeted 35 to 155p, with the Deferred 45 off at 110p.

TransCanada Pipeline mortgage bond

The coupon on the first mortgage TransCanada PipeLine bonds is 16.5 per cent per annum payable semi-annually on March 1 and September 1. The first coupon payment is due on September 1, 1982 and will be payable at par per £100 principal amount of bonds.

As reported on Tuesday the coupon and issue price for the company's £25m unsecured notes were set to provide a yield of 2.5 per cent over the 13.5 per cent Treasury Stock 2004-08. Also the issue price in respect of the notes is £98.534 per cent per £100 principal with £20 per cent payable on acceptance on February 26 and the balance of £78.534 per cent on May 20.

FINANCIAL TIMES STOCK INDICES

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 19	Feb. 18	A year ago
Government Secs.	66.86	66.39	66.80	67.14	66.19	65.55	69.26
Fixed Interest	66.64	66.48	66.46	66.48	65.53	65.33	71.13
Industrial Ord.	551.8	552.6	559.0	568.2	562.3	562.2	497.8
Gold Mines	265.5	258.0	249.4	256.0	261.3	262.5	342.4
Ord. Div. Yield	5.68	5.54	5.48	5.40	5.45	5.45	7.09
Earnings, Yld.% (full)	9.88	9.82	9.72	9.57	9.66	9.66	16.06
P/E Ratio (net) (*)	13.24	13.32	13.46	13.67	13.54	13.54	7.61
Total bargains	24,339	20,100	21,567	19,198	16,991	17,986	25,004
Equity turnover £m.	—	150.64	135.98	126.84	101.05	136.47	171.22
Equity bargains	—	16,865	17,488	15,041	12,360	13,868	21,708

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/56. SE Activity 1974.

10 am 558.6. 11 am 557.2. Noon 554.6. 1 pm 549.2.
2 pm 549.4. 3 pm 550.4.
Latest Index 01-246 8026.
* Nil = 11.75.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	249.4 (23/2/82)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 24	Feb. 23
—Daily		
Gilt Edged Bargains	191.8	226.9
Equities Bargains	109.3	113.3
Value	304.5	274.8
5-day Avrge.		
Gilt-Edged Bargains	216.5	216.6
Equities Bargains	98.0	94.5
Value	263.2	246.5

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
142	F.P.	—	190	186	Amersham	188	......	b5.5	3.9	2.7	15.2
§30	F.P.	12/3	30	29	Assets Special 10p	29	......	—	—	—	—
—	F.P.	—	8	2	Do. Warrants 10p	7	......	—	—	—	—
100	F.P.	12/2	99	91	Baillie Gifford J'n Tst	91	......	—	—	—	—
§100	F.P.	—	39	36	Do. Warrants	38	......	—	—	—	—
†	F.P.	—	357	315	✱Eldridge Pope £1	357	......	9.5	2.9	3.8	11.0
80	F.P.	13/1	84	81	✱Equipu 10p	83	......	bd5.1	2.1	5.5	12.8
—	F.P.	—	10	7	F&C Enter. Warrants	7	......	—	—	—	—
150	F.P.	4/1	165	156	✱Hayters £1	157	−5	10.5	4	10.1	4
§90	F.P.	5/3	92	89	✱Imm. Bus. Sys. 10p	92	......	—	—	—	—
‖‖	F.P.	—	53	48	✱Malaysian Tin 5p	48	......	—	—	—	10.5
§§	F.P.	—	14	4½	Peek Hldgs.	13½	......	—	—	—	9.1
115	F.P.	29/1	132	117	Speyhawk 10p	132	......	bd7.0	2.5	7.6	6.0
‖‖	F.P.	—	15½	13	TSW 5p	15	......	F0.6	—	5.7	—
—	F.P.	—	5	3½	Viners 1p	4	......	—	—	—	—
46	F.P.	19/2	56	47	✱York Mount	55	......	b4.51	3.9	11.7	3.3

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
§100	£25	30/7	30½	25¾	Barclays 16% Ln. Stk.	29¾	+½
100	F.P.	—	114	111	Boddingtons Brew 9½% Cnv. Ln. 2000-05	111	......
¶¶	F.P.	—	202	200	Churchbury Ests. 6.4% Cnv. Ln 1985	202	......
¶¶	F.P.	26/2	212	210	Do. 8pc Cnv. Ln. 1987	212	......
¶97½	£10	18/3	13	12	Mid-Kent Water 9½% Red. Prf. 1987	13	......
§100	£10	—	100⅞	99¾	Nationwide Bdg. Soc. 16% (17/1/83)	10⅞	+⅛
§100	F.P.	—	100½	100	Do. 15⅝% (7/2/83)	100½	+¼
98.53	£20	—	21	20½	Trans-Canada Pipelines 16½% Notes 2007	20¾	......
—	F.P.	—	122	105	Viners 10% Cnv. Loan 1988	122	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
244.3	Nil	—	—	7pm	6pm	‡‡Cambrian & Gen. Units	7pm	......
70	Nil	—	—	17pm	5pm	✱Clyde Petroleum	5pm	......
140	F.P.	19/2	19/3	164	155	Davy Corp.	156	......
40	Nil	—	—	1½pm	½pm	✱Energy Finance 10p	½pm	......
220	F.P.	26/2	26/3	271	258	Lovell (Y.J.)	258	......
188	F.P.	11/2	26/3	229	218	MEPC	225	−1
110	Nil	—	—	26pm	24pm	Security Centres	26pm	......
25	F.P.	26/2	19/3	41	35	Smith St. Aubyn	35	......
45	Nil	—	—	5pm	½pm	Steaua Romana (Brit.)	½pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. Shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Amersham	188	—	P. & O. Defd	127	−1
Bond Corp	90	−18	Plessey	355	−12
GEC	812	−7	Pres Steyn	£14½	+1
ICI	328	+2	Rowntree Mackintosh	164	−2
Northern Foods	162	+4	Thorn EMI	450	−18
Ocean Trans	117	−1	Ultramar	390	−10

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change	Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change
BP	23	278	−4	NatWest Bk	18	466	−6
Ultramar	23	400	−18	Lonrho	17	74	−1
GEC	22	819	−5	Racal Elec	17	358	−7
Thorn EMI	22	468	−7	Tricentrol	17	182	−10
B.H. Prop	19	495	—	RTZ	16	433	−7
LASMO	19	275	−10	BAT Inds	15	431	−6
Comm. Union	18	140	−4	GUS A	15	470	−8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12

For rate indications see end of Share Information Service

Stocks to attract money for the call included Trident TV A, Pennine Commercial, Guinness Peat, Tesco, KCA International, Eagle Star, Woodside, Gripperrods, Amersham, Charterhall, Premier Consolidated, BP, ICL, Rothmans, Zetters, and Nimslo. Venterspost and East Rand Proprietary were dealt in for the put, while double options were arranged in First National Finance, Amersham and Gulfstream Resources.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 24, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.5237
Algeria	Dinar	4.1876
Andorra	Fr. Franc	6.0185
	Sp. Peseta	102.28
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (f) (5)	10025.00
Australia	Dollar	0.9278
Austria	Schilling	16.5775
Azores	Port. Escudo	69.16
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	102.28
Bangladesh	Taka	20.67
Barbados	Dollar	2.01
Belgium	Franc (C)	43.29
	Franc (F)	46.85
Belize	Dollar	2.00
Benin	C.F.A. Franc	300.925
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.2851
Bolivia	Peso	24.75
Botswana	Pula	0.9117
Brazil	Cruzeiro	140.80
Brunei	Dollar	2.1065
Bulgaria	Lev	0.945
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	300.925
Canada	Dollar	1.2197
Canary Is.	Sp. Peseta	102.28
Cape Verde Is.	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	300.925
Chad	C.F.A. Franc	300.925
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.88
Colombia	Peso (O)	60.07
Comoros	C.F.A. Franc	300.925
Congo P'ple.Rep.of	C.F.A. Franc	300.925
Costa Rica	Colon (O)	8.60
	Colon	37.09
Cuba	Peso	0.8001
Cyprus	Pound*	2.2198
Czechoslovakia	Koruna (O)	5.85
Denmark	Krone	7.9112
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	24.75
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.2225
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	204.56
Ethiopia	Birr (O)	2.0509
Faeroe Is.	Dan. Krone	7.9112
Falkland Is.	Pound*	1.8285
Fiji	Dollar	0.9016
Finland	Markka	4.511
France	Franc	6.0185
Fr. C'ty in Af.	C.F.A. Franc	300.925
Fr. Guiana	Franc	6.0185
Fr. Pac. Is.	C.F.P. Franc	103.91
Gabon	C.F.A. Franc	300.925
Gambia	Dalasi	2.1876
Germany (E)	Ostmark (O)	2.361
Germany (W)	Mark	2.361
Ghana	Cedi	2.75
Gibraltar	Pound*	1.8285
Greece	Drachma	61.05
Greenland	Dan. Krone	7.9112
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	6.0185
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.8306
Guinea Rep.	Syli	21.7851
Guyana	Dollar	3.0817
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.896
Hungary	Forint	34.4297
Iceland	Krona	9.439
India	Rupee	9.2851
Indonesia	Rupiah	648.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2953
Irish Rep	Punt*	1.4952
Israel	Shekel	17.95
Italy	Lira	1267.00
Ivory Coast	C.F.A. Franc	300.925
Jamaica	Dollar	1.7841
Japan	Yen	233.65
Jordan	Dinar	0.3455
Kampuchea	Riel	n.a.
Kenya	Shilling	10.5582
Kiribati	Aust. Dollar	0.9278
Korea (Nth)	Won	0.94
Korea (Sth)	Won	708.00
Kuwait	Dinar	0.2845
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.8205
Lesotho	Loti	0.9751
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.8722
Luxembourg	Lux Franc	43.29
Macao	Pataca	6.1289
Madagascar D. R.	Franc	300.925
Madeira	Port. Escude	69.16
Malawi	Kwacha	0.9297
Malaysia	Ringgit	2.305
Maldive Is.	Rupee	3.93
Mali Rp	Franc	601.85
Malta	Pound*	2.471
Martinique	Franc	6.0185
Mauritania	Ouguiya	49.30
Mauritius	Rupee	11.0514
Mexico	Peso	29.20
Miquelon	Fr. Franc	6.0185
Monaco	Fr. Franc	6.0185
Mongolia	Tugrik (O)	3.3556
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.7047
Mozambique	Metica	29.8058
Namibia	S.A. Rand	0.9751
Nauru Is.	Aust. Dollar	0.9278
Nepal	Rupee	13.20
Netherlands	Guilder	2.59
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2684
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	300.925
Nigeria	Naira (O)	0.6536
Norway	Krone	6.006
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	10.8178
Panama	Balboa	1.00
Papua N.G.	Kina	0.7108
Paraguay	Guarani	126.00
Peru	Sol	540.97
Philippines	Peso	8.29

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.2684
Poland	Zloty (O)	80.00
Portugal	Escudo	69.15
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.0815
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.8285
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	6.0185
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.8881
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1267.00
Sao Tome & Principe DR	Dobra	39.9337
Saudi Arabia	Riyal	3.4205
Senegal	C.F.A. Franc	300.925
Seychelles	Rupee	7.3423
Sierra Leone	Leone	1.2063
Singapore	Dollar	2.1065
Solomon Is.	Dollar	0.9063
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9751
Spain	Peseta	102.28
Span. Ports in N. Africa	Sp. Peseta	102.28
Sri Lanka	Rupee	20.68
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9751
Sweden	Krona	5.761
Switzerland	Franc	1.8722
Syria	Pound	3.9262
Taiwan	Dollar (O)	38.17
Tanzania	Shilling	8.2035
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	300.925
Tonga Is.	Pa'anga	0.9278
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5342
Turkey	Lira	135.03
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.9278
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.8285
Upper Volta	C.F.A. Franc	300.925
Uruguay	Peso	11.80
U.S.S.R.	Rouble	0.7824
Vanuatu	Vatu	97.2687
	Aust. Dollar	0.9278
Vatican	Lira	1267.00
Venezuela	Bolivar	4.293
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	44.2803
Zaire Rp.	Zaire	5.5033
Zambia	Kwacha	0.9039
Zimbabwe	Dollar	0.7299

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina—Commercial and Financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82.
(6) Somali: Parallel exchange rates introduced 1st July—for essential imports. (7) Somalia: Exports and Non Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (15)

BRITISH FUNDS (2)
Exch. 9¼pc 1982 · Treas. 2½pc IL 2011
AMERICANS (2)
Norton Simon Inc. · Quaker Oats
BUILDINGS (1)
HAT Group
CHEMICALS (1)
Ciba Geigy 8¼pc Cv. 82-85
STORES (1)
Amber Day
ELECTRICALS (1)
Security Centres
FOODS (2)
Glass Glover · Hinton (A.)
INDUSTRIALS (4)
Black (P.) · Clarke (Clement)
Riley (E. J.) · Wolverhampton Steam
SHOES (1)
Footwear Invs.

NEW LOWS (42)

BUILDINGS (1)
Allied Residential
STORES (1)
Time Products
ELECTRICALS (1)
A. & G. Sec.
INDUSTRIALS (2)
B. H. Prop. · Ovenstone
MOTOR (2)
Deltight · Kwik-Fit
NEWSPAPERS (1)
Independent
PROPERTY (2)
Carrian Inv. · Daon Dev.
TEXTILES (1)
Yorks. Fine Woollen
TRUSTS (2)
Japan Assets · Mexico Fund
OIL AND GAS (17)
Aran Energy · LASMO "Ops."
Atlantic Res. · Marinex Pet.
British Borneo · Moonie Oil
Brunswick Oil · Offshore
Clyde Pet. · Pict Pet.
Dorset Pet. · Strata Oil
Eglinton Oil · Tricentrol
Energy Capital · Woodside
Genoa Oil
MINES (12)
Argosy Gold · MIM Holdings
Bond Corp. · North Kalgurli
Eagle Corp. · Renison
Endeavour · Do. Defd.
Greenbushes Tin · Swan Resources
Metals Ex. · West Coast

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	0	12
Corpns., Dom. and Foreign Bonds	6	2	65
Industrials	159	333	865
Financial & Props.	63	114	339
Oils	26	33	61
Plantations	2	3	19
Mines	52	31	82
Others	76	19	49
Totals	464	535	1,483

NCR Group advances to £12.22m

TAXABLE profits of NCR Group, the wholly-owned subsidiary of the U.S.-based cash register, accounting machine and computer manufacturer NCR Corporation, moved ahead from £11.47m to £12.22m in the year to November 30 1982. Turnover slipped from £103.62m to £100.71m.

The directors say that the company has entered 1982 with an increased order book, which together with new product releases and marketing programmes, gives an encouraging outlook for the year.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs Feb 25 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Feb 24 Index No.	Tues Feb 23 Index No.	Mon Feb 22 Index No.	Fri Feb 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	362.07	−0.6	9.41	4.41	13.39	364.16	367.99	370.70	368.70	311.72
2	Building Materials (25)	322.78	+0.6	13.49	5.36	8.91	321.00	324.88	327.43	323.82	276.34
3	Contracting, Construction (28)	576.78	+0.1	15.83	4.92	7.41	576.22	586.82	586.35	583.49	486.89
4	Electricals (31)	1230.32	−1.0	7.50	2.35	17.05	1243.04	1254.02	1265.58	1261.23	1022.70
5	Engineering Contractors (9)	508.38	−0.5	12.42	5.76	9.41	511.01	511.45	511.15	510.34	413.58
6	Mechanical Engineering (67)	190.17	−0.6	11.03	5.79	11.55	191.40	193.04	194.67	193.51	184.56
8	Metals and Metal Forming (12)	164.57	−1.0	7.39	7.48	19.00	166.23	167.95	168.30	167.03	146.08
9	Motors (21)	95.70	−1.2	—	6.96	—	96.91	98.07	98.77	98.65	89.79
10	Other Industrial Materials (17)	393.47	−0.3	8.04	5.84	15.43	394.70	400.40	403.87	401.27	317.41
21	CONSUMER GROUP (198)	291.17	−0.1	12.56	5.69	9.77	291.42	295.85	299.15	295.20	249.22
22	Brewers and Distillers (21)	288.46	+0.8	16.30	6.76	7.38	286.27	291.91	295.05	291.83	275.26
25	Food Manufacturing (21)	280.57	−0.3	15.07	6.10	7.96	281.28	284.67	286.66	283.13	224.00
26	Food Retailing (15)	604.69	+0.6	8.90	3.30	13.69	600.98	614.06	615.40	613.74	451.67
27	Health and Household Products (7)	370.14	−0.3	8.45	4.32	13.91	371.36	374.94	381.40	376.24	255.86
29	Leisure (24)	437.43	−1.4	9.49	5.05	13.22	443.44	451.76	457.68	450.56	369.03
32	Newspapers, Publishing (12)	509.74	+0.2	11.38	6.10	11.65	508.72	515.12	513.54	509.26	445.11
33	Packaging and Paper (13)	146.56	+0.2	13.65	7.35	8.76	146.26	146.98	148.97	147.67	124.59
34	Stores (45)	261.64	−0.2	11.01	5.16	12.13	262.28	266.78	271.24	265.44	258.67
35	Textiles (23)	167.65	−0.4	9.79	5.96	13.27	168.39	170.43	171.10	169.83	142.76
36	Tobaccos (3)	309.54	+0.1	19.57	8.42	5.83	309.17	312.64	314.79	312.31	224.83
39	Other Consumer (14)	273.65	+0.7	—	6.18	—	271.80	275.48	275.52	272.93	262.52
41	OTHER GROUPS (79)	251.59	−0.3	10.23	6.15	12.39	252.38	255.33	257.57	257.14	214.61
42	Chemicals (16)	336.70	+0.4	5.90	6.85	25.32	335.48	340.45	343.79	343.44	265.09
44	Office Equipment (4)	121.73	−1.8	13.22	7.06	9.21	123.94	124.96	125.44	125.57	107.03
45	Shipping and Transport (13)	567.11	+0.1	18.90	6.51	6.30	566.88	569.83	582.45	583.13	574.56
46	Miscellaneous (46)	313.13	−0.8	11.62	5.18	10.48	315.81	319.25	320.77	319.60	271.69
49	INDUSTRIAL GROUP (487)	310.36	−0.3	11.08	5.28	11.22	311.29	315.33	318.30	315.52	266.82
51	Oils (13)	645.43	+0.8	22.03	8.74	5.14	640.43	650.90	670.17	674.33	874.43
59	500 SHARE INDEX	337.73	−0.1	12.75	5.81	9.50	338.19	342.75	347.03	344.79	314.23
61	FINANCIAL GROUP (117)	261.70	−0.3	—	5.95	—	262.54	265.56	265.84	261.82	246.65
62	Banks (6)	296.08	−0.2	34.55	6.90	3.28	296.69	299.94	304.42	296.68	236.36
63	Discount Houses (9)	229.88	−0.2	—	9.43	—	230.30	232.74	233.23	229.10	313.98
65	Insurance (Life) (9)	253.77	−0.8	—	6.31	—	255.75	258.91	258.09	257.13	257.70
66	Insurance (Composite) (10)	164.66	+0.1	—	8.23	—	164.56	168.04	165.00	162.61	157.43
67	Insurance Brokers (7)	433.68	−0.5	10.26	5.26	13.17	436.01	442.56	441.85	435.92	342.75
68	Merchant Banks (12)	146.22	−0.5	—	5.62	—	146.95	148.71	149.61	149.97	152.77
69	Property (49)	459.07	−0.5	4.65	3.21	28.73	461.30	462.88	464.27	456.63	480.21
70	Other Financial (15)	185.96	−0.2	15.34	5.82	8.00	186.39	188.63	189.34	188.53	177.92
71	Investment Trusts (112)	307.17	+0.1	—	5.31	—	306.93	309.84	311.77	311.26	288.81
81	Mining Finance (4)	221.05	−0.5	15.59	6.43	7.72	222.25	224.73	228.79	226.87	221.74
91	Overseas Traders (17)	395.20	−2.3	13.22	8.05	9.24	404.61	410.83	416.25	415.30	453.15
99	ALL-SHARE INDEX (750)	319.91	−0.2	—	5.85	—	320.55	324.67	327.98	325.47	380.38

FIXED INTEREST

	PRICE INDICES	Thurs Feb 25	Day's change %	Wed Feb 24	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	108.48	+0.22	108.24	—	2.65
2	5-15 years	107.13	+0.81	106.27	—	2.11
3	Over 15 years	109.83	+0.85	108.90	—	2.40
4	Irredeemables	118.60	+0.46	118.05	—	1.28
5	All Stocks	108.20	+0.63	107.52	—	2.34
6	Debentures & Loans	84.17	+0.37	83.86	—	1.60
7	Preference	63.40	+0.42	63.14	—	1.56

	AVERAGE GROSS REDEMPTION YIELDS		Thurs Feb 25	Wed Feb 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.36	12.49	11.29
2		15 years	13.03	13.14	12.23
3		25 years	12.81	12.90	12.45
4	Medium Coupons	5 years	14.59	14.71	13.08
5		15 years	14.42	14.56	13.82
6		25 years	13.89	14.01	13.67
7	High Coupons	5 years	14.61	14.72	13.11
8		15 years	14.58	14.73	14.02
9		25 years	14.22	14.34	13.86
10	Irredeemables †		12.51	12.57	11.65
11	Debs & Loans	5 years	15.60	15.66	14.13
12		15 years	15.47	15.53	14.45
13		25 years	15.42	15.46	14.44
14	Preference †		15.54	15.62	14.38

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	57.8	62.2	+1.0	2.38
Capital	38.8	41.4	...	4.06
(Accum. Units)	50.1	54.2	+0.1	4.06
General	60.6	65.5	+0.1	4.26
Gilt & Fixed Int.	102.4	107.8	+0.5	12.15
Income	39.1	42.3	-0.1	8.84
Worldwide Bond	106.9	112.9	-0.5	4.87
Inv. Tst. Fd.	54.6	59.0	-0.1	4.07
Equitas Prog.	84.3	91.1	+0.2	4.69

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314
AHR Gilt Trust	89.2	93.8	+0.7	12.94

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds
Allied 1st	91.7	98.1	+0.2	5.49
Brit. Inds. Fund	81.6	87.3	+0.2	6.12
Growth & Income	38.7	42.8	-0.1	5.98
Elect. & Ind. Dev.	47.2	50.5	-0.2	4.25
Allied Capital	102.1	109.2	...	4.57
Hambro Fund	140.2	150.0	+0.2	5.39
Hambro Acc. Fund	204.6	218.9	+0.1	4.57

Income Funds
High Yield Fd.	69.2	74.0	+0.1	8.57
High Income	88.2	94.4	+0.1	6.78
Equity Income Fd.	48.7	52.1	...	7.08
Govt. Secs.	24.8	25.9	+0.2	12.47

International Funds
International	34.0	36.4	+0.1	2.53
Japan Fund	28.5	30.5	-0.7	0.54
Pacific Fund	66.3	70.9	-1.0	1.53
American Spec. Sits.	...	25.0	...	1.10
Secs. Of America	80.1	85.7	+0.8	2.86

Specialist Funds
Smaller Co.'s Fd.	59.8	64.0	-0.3	3.67
2nd Smlr. Co's Fd.	75.9	81.2	-0.2	4.00
Recovery	29.3	31.4	-0.2	4.89
Met. Min. & C'dty	58.2	62.3	+0.1	6.12

Choulerton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685
Growth	14.9	16.3	-0.2	3.88
International	55.1	59.5	-0.1	1.29
High Income	28.9	31.2	-0.2	11.27

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282
Growth Fund	79.0	83.3	...	4.45

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984
High Income	36.6	40.0	+0.2	11.06
North American	56.3	60.8	+0.8	2.76
Canadian Exempt	53.8	56.9	...	3.44
Canadian Trust	47.1	50.9	+0.3	2.71
Mid Mount High Inc.*	47.1	49.8	...	9.63
Recovery	58.8	64.2	-0.4	3.43
Gilt Trust	58.7	60.5	...	14.00

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492
Cres. Amer. Fd	38.4	41.4	+0.5	0.60
Cres. Internat'l.	82.1	88.6	-0.5	1.69
Cres. High. Dist.	46.7	50.4	+0.3	9.08
Cres. Reserves	52.0	56.1	+0.2	5.35
Cres. Tokyo	39.3	42.4	-0.7	0.29

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324
Total Perf. Unit Tst.	22.1	24.0	...	6.94

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485
Disc. Inc. Feb 12	259.9	277.2	...	4.82

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122
Income & Growth	22.8	24.2	...	7.64
Special Sits.	25.6	27.1	+0.6	2.92

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893
Great Winchester	21.2	23.7	...	7.38
Gt. Winchester O'seas	32.2	35.8	...	3.09

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377
UK Gwth. Tst. Acc.	56.9	61.1	+0.3	4.73
UK Gwth. Tst. Inc.	56.9	61.1	+0.3	4.73

INSURANCE PROPERTY BONDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅞	98	Treas Variable '82‡‡	99⅞	......	14.14	14.11
98	93	Treasury 8¼pc '82	98	+⅛	8.38	13.80
97¾	93	Exch. 9¼pc 1982	97¾xd	+⅛	9.46	13.52
96⅜	92	Exch. 8¾pc 1983	96	......	9.07	13.28
94	84⅞	Exch. 3pc 1983	93¾	....	3.20	9.80
99⅞	95	Treasury 12pc 1983‡‡	98½xd	+⅛	12.12	13.63
99	96¾	Treas. Variable '83‡‡	99⅞	......	14.17	14.34
96	90	Treasury 9½pc '83	96¼	+¼	9.61	12.25
101	95	Exch. 13½pc '83	99¾	+⅛	13.53	13.59
96	89¾	Exch. 10pc 1983	95¼	+⅛	10.49	13.00
90	83½	Funding 5½pc '82-84‡‡	90	......	6.11	11.53
96¾	90	Exch. 11¼pc 1984	96¼	+⅛	11.68	13.46
103	95¼	Exchequer 14pc. 1984	100	+⅛	14.00	13.97
84½	77	Exch 3pc 1984	83¾	+¼	3.58	11.08
98	90½	Treasury 12pc 1984	96½xd	+⅛	12.48	13.85
107¾	95⅞	Treasury 15pc 1985	101⅞	+⅛	14.72	14.21
98⅞	88¼	Exch. 12pc Cnv. '85	94⅞xd	+⅛	12.65	14.14
78	71	Treasury 3pc 1985	78	+¼	3.86	11.41
96	85¼	Treasury 11½pc 1985	92⅞	+⅜	12.41	14.31
98⅞	87	Exch. 12¼pc 1985	93½	+⅛	13.10	14.52
97	84	Exch. 11¾pc '86	91⅞	+¼	12.78	14.50
74¼	65¾	Treasury 3pc 1986	73¼	......	4.09	11.09
97	84½	Treasury 12pc '86	91¾	+¼	13.07	14.62
88	78	Treasury 8¼pc '84-86‡‡	83½	+1	10.17	13.71
97¼	91⅞	Exch. 14pc 1986	97	+⅜	14.43	14.88
103⅞	90	Exch. 13¼pc 1987	94¾	+⅜	13.98	14.77
21⅝	20	Do. A (£20pd)	21¼	+½	14.02	14.85

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ◊ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	42	......
Bertrams	17ø	......
Bdg'wtr. Est. 50p	420	+5
Craig & Rose £1	£12¾	......
Finlay Pkg. 5p	25	......
Graig Ship. £1	£21	......
Higsons Brew	65	......
Holt (Jos) 25p	565	......
I.O.M. Stm. £1	120	+5
Pearce (C. H.)	£10½	......
Peel Hldgs.	122	......
Sheff. Refrshmt.	80	......
Sindall (Wm.)	200	......

IRISH

Conv. 9% '80/82	£95	......
Nat. 9¼% 84/89	£65⅝	......
Fin. 13% 97/02	£74⅝	+⅛
Alliance Gas	70	......
Arnott	210	......
Carroll (P.J.)	74	......
Concrete Prods.	90	......
Heiton (Hldgs.)	22½xd	......
Irish Ropes	37	......
Jacob	63	......
T M G	13	......
Unidare	54½	......

OPTIONS

3-month Call Rates

Industrials

Allied-Lyons	8
BOC Intl.	15
B S R	8½
Babcock	10
Barclays Bank	42
Beecham	21
Blue Circle	48
Boots	19
Bowaters	24
Brit. Aerospace	17
B.A.T.	38
Brown (J.)	7
Burton Ord.	15
Cadburys	9
Courtaulds	8
Debenhams	7
Distillers	15
Dunlop	6½
Eagle Star	31
F.N.F.C.	4
Gen. Accident	28
Gen. Electric	65
Glaxo	42
Grand Met.	17
G.U.S. 'A'	45
Guardian	25
G.K.N.	15
Hawker Sidd	30
House of Fraser	15
I.C.I.	24
"Imps"	8
I.C.L.	5½
Ladbroke	15
Legal & Gen.	19
Lex Service	10
Lloyds Bank	42
"Lots"	6½
London Brick	7
Lucas Inds.	20
"Mams"	12
Mrks. & Spncr	12
Midland Bank	30
N.E.I.	9
Nat. West. Bank	38
P & O Dfd.	14
Plessey	32
Racal Elect.	35
R.H.M.	6½
Rank Org. Ord.	20
Reed Intnl.	26
Sears	6
Tesco	5½
Thorn EMI	42
Trust Houses	11
Tube Invest.	13
Turner & Newall	11
Unilever	55
Utd. Drapery	7
Vickers	16
Woolworths	5

Property

Brit. Land	7½
Cap. Counties	10
Land Secs.	28
MEPC	20
Peachey	14
Samuel Props.	11
Town & City	3½

Oils

Brit. Petroleum	26
Burmah Oil	10
Charterhall	6
KCA	14
Premier	6
Shell	30
Tricentrol	22
Ultramar	38

Mines

Charter Cons.	25
Cons. Gold	45
Lonrho	7
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

FINANCIAL TIMES

Friday February 26 1982

Tokyo strategy threatened by fall in exports

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

A SHARP SLOWDOWN in Japanese exports in the last three months of last year has seriously upset the Japanese Government's revenue and growth targets for the current fiscal year, forcing it to review basic economic strategy.

Although statistics are not yet available, the fourth-quarter gross national product figures may well be down on the previous three months — the first time this has happened in more than six years.

The reason is that exports slowed sharply from October, while imports revived. Earnings from overseas seems certain to have shrunk substantially, probably by enough to counteract any revival in domestic economic activity.

In the second and third quarters last year almost all Japan's economic growth was generated by the external sector, despite repeated promises by the government to shift emphasis to the domestic economy.

Japan's GNP growth target of 4.1 per cent for the fiscal year which ends on March 31 would require a quarterly growth rate of 1.7 per cent in both the October-December quarter of last year and the current quarter, and seems unattainable.

Failing to hit the growth target, however, is not in itself a big problem. What bothers the Government about the current economic situation is that tax revenues in the current fiscal year—and probably next year as well—will fall far short of expectations because of slow GNP growth rates.

The tax revenue shortfall will directly undermine the Government's policy of gradually reducing the budget deficit by rigidly controlling expenditure.

Faced with the threatened collapse of this basic strategy officials and politicians concerned with economic policy seem to be considering two main options.

One involves bringing forward into the first half of the 1982 fiscal year (which starts on April 1) 80 per cent of the expenditure budgeted for the year as a whole. The second possibility would be a substantial personal income tax cut.

The ruling Liberal Democratic Party seems to prefer the former, in part because this would spare the government an immediate decision on whether or not to rewrite the budget.

A third possible way to stimulate the economy—reducing the discount rate—is being ruled out on the grounds that interest rates are already low.

The one hopeful point about Japan's recent economic performance is that industrial production and shipments appear to have risen fairly sharply as the result of a long-awaited completion of inventory adjustments.

Cash tin plunges by £775 a tonne

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES fell dramatically yesterday on the London Metal Exchange, recording one of the biggest daily losses. Cash tin closed £775 down at £7,330 a tonne—£1,665 below the record level reached just over a fortnight ago.

For the first time since November the cash price was below the cost of tin for delivery in three months time, which fell £310 to £1,785 a tonne.

The collapse in the London tin market coincides with the ending of a supply squeeze. It was feared at one time the squeeze would result in sellers being unable to meet their commitments and a possible suspension of trading.

In an attempt to prevent this the Metal Exchange earlier this month imposed a maximum limit of £120 a tone on the premium which could be charged for cash tin delivered the following day.

There was still considerable uncertainty whether the large sales outstanding for delivery this week would be met. Yesterday, however, there was an abundance of tin on offer and prices collapsed in the absence of buying interest—particularly from the group—believed to be acting on behalf of producers—which has been supporting the market since July.

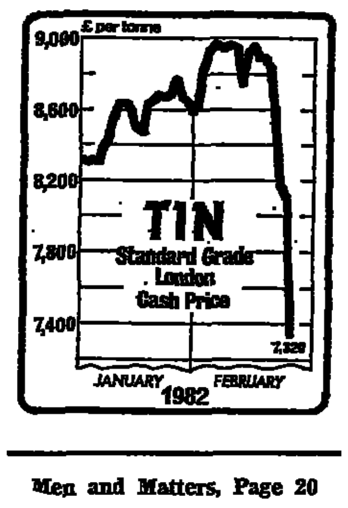
Traders were bewildered by the withdrawal of the group. Some thought they might be abandoning the support programme. Others felt the group was simply changing its tactics again.

It was noted that the recent slide in the Panang tin market in Malaysia had been halted this week, which suggests the group might be biding its time before resuming buying in London.

The Metal Exchange will ask all member companies to report outstanding positions at the close of business on March 5 before deciding whether to lift the £120 a tonne limit.

Although this week's crisis has passed, some companies have suffered substantial losses. Gill and Duffus, the commodities trader, said it would make an announcement soon. Traders on the Exchange said it was only one of several companies to be affected, but reports of the loss involved had been greatly exaggerated.

On the Stock Exchange Gill and Duffus' share price rallied last night to 166p, after hitting a 153p in the morning.



Men and Matters, Page 20

Directors call on Thatcher to cut tax

By John Elliott, Industrial Editor

A GROUP of 25 leading businessmen took the unusual step last night of publicising a letter they have written to the Prime Minister calling for a cut in income tax rather than a reduction in the National Insurance surcharge.

The letter, written in line with the policy of the Institute of Directors, is a direct challenge to the policies of the Confederation of British Industry, which has several of the businessmen's companies in its membership.

It illustrates the split in industry over Budget priorities.

The letter was signed by 32 businessmen and 25 agreed to an Institute of Directors request that their names be published. In some cases they did so knowing they were out of line with the views of their boardroom colleagues.

Mr Basil Collins, for example, has signed the letter in his capacity as deputy chairman and chief executive of Cadbury Schweppes because he believes direct tax cuts would most benefit his company by boosting consumption.

But his chairman, Sir Adrian Cadbury, a leading CBI figure, takes a broader industrial view and believes a cut in the National Insurance surcharge should be the first priority.

The other signatories include Mr Algy Cluff, of Cluff Oil; Mr Ronald Halstead, of Beecham Products; Sir James Hanson, of Hanson Trust; Mr R. Harris, of Gallaher; the Earl of Inchcape, of Inchcape; Mr F. Moorfoot, of Kodak; Mr Angus Murray, of Redman Heenan; Sir David Nicolson, of Rothman International; and Mr Leslie Porter, of Tesco Stores.

The letter partly reflects the views of some retailers and food manufacturers like Mr Collins who would prefer the Budget to help their companies by stimulating consumer spending.

Some oppose cutting NIS because the financial benefits would be felt by the public sector as well as the private sector. Others said they were trying to head off an income tax increase.

Selling by Opec depresses price of gold

BY DAVID MARSH

OIL EXPORTING countries, headed by Iran, have been selling gold in Europe in the past few weeks to alleviate balance of payments difficulties caused by the sharp fall in the oil price.

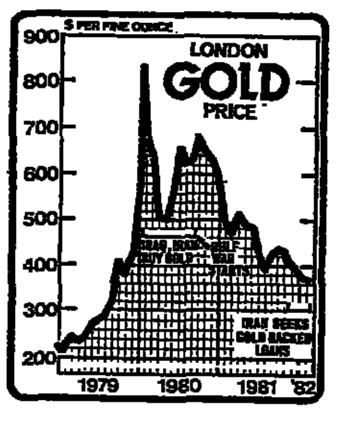
Persistent sales from the Middle East, combined with offloading by the main producers, South Africa and the Soviet Union, have been a principal factor driving the gold price down to a 2½ year low this month, according to international bullion dealers.

Apart from Iran, Iraq is also thought to have been selling gold, although details are unclear. These two countries led a string of buyers from the Organisation of Petroleum Exporting Countries (OPEC) in 1980, when the gold price was about double its present level of $360-$370 an ounce.

A Zurich dealer said last night: "They did not make a very good investment."

Dealers do not rule out the possibility that Libya—which bought a lot in London at the beginning of last year—may also have been selling recently.

News of the sales has emerged as the Opec surplus has been rapidly diminishing.



The oil states as a group are now again net borrowers from the international banking system.

Apart from the falling oil price both Tehran and Baghdad have been hard hit financially by the 18-month war between them.

The change in Opec's fortunes is having widespread repercussions on financial markets. Yesterday fears that Kuwait might start selling Japanese stocks because of its weakening finances were among the factors behind a sharp fall on the Tokyo stock market.

According to one dealer the Iranian gold has been dumped on the market by Bank Markazi, the country's central bank, in a "rather uneducated" fashion.

Iran and several other Opec nations—including Indonesia, which also made big bullion purchases in 1980—have been sounding out Western banks about raising gold-backed credits.

Bank Markazi would prefer to use its gold as collateral, rather than a igmlleA"Dmft.wwe, than selling it outright, in order to avoid further downward pressure on the price.

Many European banks approached by Tehran have been reluctant to lend because of fears about the country's ability to repay. The advantages of gold collateral are greatly reduced when the bullion price is weak.

A London bullion banker said: "I wouldn't like to be sitting on a pile of gold from Iran. They don't know where their next dollar is coming from."

According to one estimate, of the 60-90 tonnes of gold Iran previously had stored in Europe—some of which was held at the Bank of England—35 tonnes may have been used in collateral deals. The rest is being sold, and may be almost exhausted.

The Tehran Government is believed to have at least 200 tonnes more in Iran. But the country's rulers are not likely to move this "bedrock reserve" to the West for selling or collateral use unless all other financing channels are blocked.

The large amount of gold bought by both official and private investors in the Middle East in 1979/80 was seen as a significant prop for the price at the time. But it is now regarded by bullion dealers as a dangerous overhang threatening the market.

A European dealer said: "As soon as they [Opec] started to buy, they became potential sellers."

Another said that the further the gold price went down, the more bullion would be sold by disappointed Middle East holders. "There are certainly investors around wanting to buy—but they are waiting for the price to become cheaper."

Continued from Page 1

German

German industry.

The lection of Herr von Brauchitsch—he was due to assume office at the beginning of 1983—marked a move by the BDI to give a sharper edge to its activities, both in its contacts with Government and in putting its case before a wider public.

The presidency of the BDI has had an unhappy recent history.

One of the most outspoken champions of German industry, Herr Hanns-Martin Schleyer, a close friend of Herr von Brauchitsch, was kidnapped and murdered by urban terrorists in 1977.

His successor, Herr Nikolaus Fasolt, had to resign after less than six months in office because of problems with his privately-owned tile manufacturing business. Herr Fasolt himself was later fined DM 58,000 (£13,350) for tax evasion, also in connection with donations to a political party—the Christian Democrats.

His payments were made to a Liechtenstein company, which was a subsidiary of the CDU.

Once again the BDI has been thrown into confusion in the search for a new leader, although it is possible that the current president, Prof. Rolf Rodenstock, owner of a Munich-based optics concern, will remain in office.

Continued from Page 1

BNOC

duct on the spot cargo market.

Oil companies had wanted to press BNOC for a price reduction earlier. They decided to wait to see if Opec convened an emergency meeting tomorrow, an idea canvassed by the organisation's secretariat. It seems likely that an extraordinary ministerial meeting will be held in mid-March.

Alberta oil project near collapse

BY JIM RUSK IN OTTAWA

THE ALSANDS consortium, which planned to build a C$13bn (£5.8bn) oil extraction plant in Alberta, Canada, appeared on the verge of collapse yesterday after Shell Explorer of Houston, pulled out of the project.

Shell Explorer holds a 20 per cent interest in Alsands, and is the third company to pull out of the consortium in two days.

The Alsands project, due for completion in 1985, is one of the world's most ambitious schemes for extracting synthetic crude oil. Under the plan the Alsands Group would strip-mine and process oil-bearing rock over 42,000 acres in the Fort McMurray area of North Eastern Alberta. It is planned to produce 137 barrels of synthetic oil a day.

Last night Mr J C Phillips, chairman of Gulf Canada Resources, said the three remaining partners in the project—Gulf, Shell Canada and Petro-Canada—would not proceed on their own.

Mr Phillips was cautious about suggestions of other private sector companies joining Alsands. He warned that the Federal and Alberta governments would have to improve the financial terms of the project to attract new partners.

The consortium has only 50 per cent of its membership intact after the withdrawals of Shell Explorer yesterday and of Dome Petroleum and Hudson's Bay Oil and Gas, which had 12 per cent between them, late on Tuesday.

Last month Amoco Canada Petroleum and Chevron Standard pulled their combined 18 per cent interest out of the Alsands project, saying the tax concessions offered were not generous enough.

Of the three members of the consortium remaining, Shell Canada of Toronto holds 25 per cent, Canada's national oil company, Petro-Canada, has 17 per cent, and Gulf Canada Resources of Calgary has 8 per cent.

Alsands has approached other Canadian companies about participating in the project and there have been inquiries from Japanese interests. The remaining members of the consortium are likely to meet Mr Marc Lalonde, Federal Energy Minister, and his provincial counterpart in the next two weeks to see if the project can be held together.

A collapse of Alsands could bode ill for a similar heavy oil project at Cold Lake, Alberta, being planned by Imperial Oil of Toronto, the Canadian subsidiary of Exxon.

Ray Dafter, Energy Editor, writes: The Alsands project has been dogged by Canadian tax and financing problems as well as the general fall in crude oil prices.

The oil industry's revised projection of future oil prices—some companies are forecasting no increase in real prices in the 1980s—has put the future of a number of high-priced, synthetic fuel projects in doubt.

IBM unveils robot

Continued from Page 1

computer configuration used to programme its 7535 robotic system cost $5,575. Only one computer would be necessary to programme any number of robots.

It would offer discounts of up to 15 per cent for large purchases of the low-cost system.

This will have "four degrees of freedom," which means it can move in four separate directions. The more sophisticated RS 1 system can move its arms in six directions.

The larger system is programmed by a modified version of an IBM Series 1 computer. But IBM says its most significant feature is its powerful and easy-to-use programming language (software which instructs the system to perform specific tasks).

This language is called "AML" or "A Manufacturing Language," which IBM developed to direct RS 1 operations.

"We believe AML is the most advanced robotic control language in the world," said Mr David Grossman, manager of automation research at the IBM research centre.

The low-cost 7535 system programmed by a single IBM personal computer uses a version of AML unlike the low-cost system made by Sanyo Seiki. The RS 1 system is manufactured at IBM's facility in Boca Raton, Florida.

IBM's entry to the robot market comes at a time when other leading technological and electronics companies in the U.S. show growing interest in robotics.

General Electric has signalled its intention in recent months to develop a major presence in this sector, and has already started a robots division.

Weather

UK TODAY

MOSTLY CLOUDY. Dry in E and SE, rain elsewhere.

London, SE, E England

Rather cloudy, but mostly dry. Max 5 C (43F).

Elsewhere

Mostly cloudy, rain spreading from W. Max 9C (45F).

Outlook

Changeable.

WORLDWIDE

		Y'day middle °C	°F			Y'day middle °C	°F
Ajaccio	C	10	50	L. Ang.†	C	17	63
Algiers	F	14	57	Luxmbg.	S	−3	27
Amsdm.	F	0	32	Luxor		—	—
Athens	R	13	55	Madrid	F	10	50
Bahrain	S	17	63	Majorca	C	11	52
Barclna.	C	3	37	Malaga	F	12	54
Beirut	S	17	63	Malta	F	13	55
Belfast	S	6	43	M'chstr	R	4	39
Belgrd.	Sn	0	32	Melbne.		—	—
Berlin	S	1	34	Mx. C.†	C	24	75
Biarritz	C	9	48	Miami†	C	24	75
Bmghm.	R	4	39	Milan	S	4	39
Blackpl.	R	6	43	Mntrl.†	F	−20	−4
Bordx.	C	5	41	Moscow	C	−5	23
Boulgn.	S	3	37	Munich	C	−3	27
Bristol	C	7	45	Nairobi	S	31	88
Brussels	S	1	34	Naples	F	11	52
Budpst.	C	5	41	Nassau		—	—
Cairo	S	25	77	Nwcsl.	C	3	37
Cardiff	C	7	45	N. York†	F	3	37
Cas'b'ca	C	14	57	Nice	F	10	50
Cape T.	S	21	70	Nicosia	S	18	64
Chicg.†	Sn	−5	23	Oporto	C	12	54
Cologne	S	0	32	Oslo	Sn	−3	27
Cpnhgn.	C	−3	27	Paris	C	2	36
Corfu	C	12	54	Perth	F	33	91
Denvert	F	−5	23	Prague	S	−1	30
Dublin	F	7	45	Rykjvk.	F	4	39
Dbrvnk.	C	9	48	Rhodes	F	16	61
Ednbgh.	C	7	45	Rio J'ot	C	37	99
Faro	F	16	61	Rome	F	11	52
Florence	S	8	46	Salzbrg.	C	−1	30
Frankft.	F	−1	30	S'ciscot	F	4	39
Funchal	F	18	64	S. Mritz.		—	—
Geneva	F	0	32	Singapr.	F	31	88
Gibrltr.	R	14	57	S'diegot	C	24	75
Gl'sg'w	F	8	46	Stckhm.	C	0	32
G'rnsey	F	8	46	Strasbg.	C	−3	27
Helsinki	C	0	32	Sydney	R	24	75
H. Kong	C	15	59	Tangier		—	—
Innsbrk.	F	−2	28	Tel Aviv	S	17	63
Invrnss.	C	5	41	Tenerife	F	19	66
I.o.Man	C	7	45	Tokyo	S	8	46
Istanbul	C	14	57	T'r'ntot	F	−17	1
Jersey	C	8	46	Tunis	F	14	57
Jo'burg	C	23	73	Valencia	F	12	54
L. Plms.	F	19	66	Venice	C	1	34
Lisbon	S	13	55	Vienna	Sn	0	32
Locarno	S	4	39	Warsaw	C	2	36
London	C	4	39	Zurich	F	−3	27

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow.

† Noon GMT temperatures.

THE LEX COLUMN

Behind the profit rise at ICI

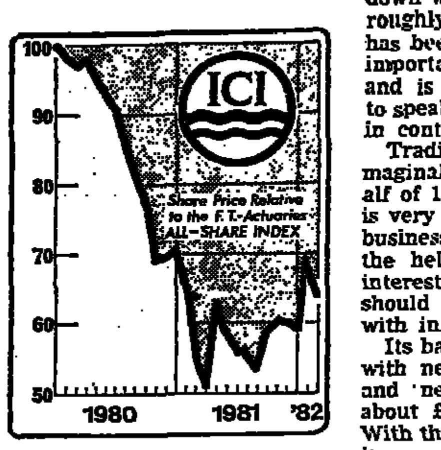
In spite of a cautious — not to say gloomy — forecast about prospects, ICI is set to improve its profitability in the current year. This will not stem from improving demand, at least not until the second half, but from the aggressive rationalisation that has been undertaken — and still continues.

In 1981 pre-tax profits have emerged much as expected at £335m, compared with £284m in the previous year. The fourth quarter outcome at £114m compares with £86m in the previous three months and £7m at the same period in 1980. Weaker sterling has continued to allow better pricing, and there has been a £20m benefit in the final three months from currency gains on the settlement of export debts. However, the change in North Sea taxation is responsible for a 14 per cent drop in oil trading profits; under an unchanged regime, oil profits would have risen by about a tenth, or £10m.

The flurry of demand in the third quarter seems to have been choked in the final three months, and apparently there has been some further tailing off since, particularly in the UK. It is too early to establish whether this is due to the weather or the economy. Once again plastics and petrochemicals are taking the brunt of the decline. So while losses here have been reduced through rationalisation last year, prices are now heading lower again and there are few hopes of achieving anything close to break even in this division this year. By contrast the group seems more confident about fibres, where the rate of loss has been falling steadily through the year.

One of the brighest spots is pharmaceuticals, with trading profits up more than a third, and the successful U.S. launch of the heart drug, Tenormin, is likelv to producer further expansion this year. Redundancy charges set against trading profits—at £51m in 1981—have probably peaked. So the pre-tax outcome may be somewhere between £400m and £450m. The share price fell 2p yesterday to 324p, where the yield is 8.6 per cent, and there must be a good chance that the dividend will be restored to 23p this year.

Index fell 0.8 to 551.8



Plessey

Plessey has cleared almost every hurdle in its race for full year profits of over £100m pretax, and now looks set to exceed that figure by around £10m. Operating margins have been broadly maintained in the third quarter to December, despite a bunching of redundancy payments and a low level of contract realisations in the electronic systems division.

The depreciation charge is little higher than a year ago and net interest receivable is £1m higher than in the second quarter. So an 8.4 per cent rise pre-depreciation translates to a 24.5 per cent gain, to £27.5m, at the pre-tax level for the three months.

Plessey has bundled together its public and private sector telecommunications business into a new division, presumably to guard the profits made at British Telecom from prying eyes. Orders from Telecom have been piling up since the end of 1981 and permission for a Buzby bond would support the momentum.

The final quarter should show a sharp recovery in electronic systems and the year-end balance sheet will look very strong. The dividend is moving ahead by 10 per cent with almost monotonous regularity, giving a prospective yield of 3.4 per cent at last night's price of 355p.

Rowntree

Rowntree Mackintosh has produced a sharp profits recovery in 1981, along with some rather persuasive arguments to back its bid for Huntley and Palmer.

Profits are £8.8m higher at £40.2m pre-tax and a fall in finance costs explains £5.6m of the gain. Around three-fifths of that stems from last April's rights isue. On the trading front, Rowntree has sacreficed a little market share in the UK in return for higher margins—and profits. So although output for the confectionery industry was roughly unchanged, I tree's volume has slipped or 6 per cent. The grou down well in the Comonw roughly a fifth of its profit has been badly squeezed c important UK export bus and is still making no m to speak of on its sales of £ in continental Europe.

Trading profits were maginally higher in the se alf of 1981, and the UK m is very competiive. But e business is recovering, and the help of a further fa interest costs, Rowntree's p should more than keep with inflation this year.

Its balace-sheet is strong, with net worth of over £ and net borrowings of about £13½m at the year With this muscle, Rowntree it can revitalise Huntley—w has not been spending a l fixed assets in recent years, could be in danger of reac the point where it is not ma enough money to finance heavy investment needed make it more competitive. a pro forma basis, the bor ings of the enlarged g would only represent abo quarter of shareholder's fu

With a yield of over 7 cent, Rowntree's shares are supported at 164p. The bid bring some short term dilu but with Huntley's sales ning at ever £370m it would take much of an improve in margins to change picture.

The bid still needs clear from the Office of Fair Tra If that comes, Huntley coul doing well to improve muc these terms. Its shares right in line with the bid p at 105p.

RTZ/Tunnel

RTZ is completing its into the UK cement ind with an agreed bid for the standing shares in Tunnel. all share offer is worth 572 share, with a cash alternati 550p — which is a touch than some had been hoping the offer looks very fair. that RTZ already has co and paid just 450p for its i stake when it was thwa Ward's offer last year. In tion, bad weather has prob knocked a little of the glos Tunnel's profits in the yea March.

Ansbacher

The market capitalisation Ansbacher was overstated yesterday's column. After bid for Seascope and rights issue, the figure will around £35m.

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